

BUSINESS WEEK

JULY 2, 1949



Frank Pace, Jr.: He'll be using red ink as government spends more than it takes in (page 6)

BUSINESS
WEEK
INDEX

A MCGRAW-HILL PUBLICATION

TWENTY-FIVE CENTS

The New Industrial Dictionary

THIRTEENTH REVISED EDITION

WORDS are being used by tricksters to mislead the unwary. We hear of "free elections" which are anything but free, "democracies" which are vicious dictatorships, and we are blinded from facts by the dust of false statistics. Here are realistic definitions of some words we all need to re-learn.

bar'gain-ing—free men getting along well together because each is determined to be fair to the others.

com'mu-nist—a failure who envies your success and wants to tear you down to his level so he will not need to envy you.

cor'po-ra'tion—a group of people who have pooled their savings to go into business more efficiently than they could as individuals. (Many businesses require such expensive machinery that they could not exist today except for this corporation method of pooled savings.)

ma-chine'—that which multiplies a worker's capacity and so his ability to earn.

prof'it—the few pennies out of each dollar of price, which keep a company in business.

se-cu'ri-ty—peace of mind you earn by hard work, thrift, self-respect. (Obsolete definition: easy life offered by a dictator; never delivered, hence obsolete.)

wage—that part of worker's production after costs of materials, taxes and use of tools have been paid. Therefore, obviously, to increase wage, worker must increase his production efficiency.

**WARNER
&
SWASEY**

Machine Tools
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER
& SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES



Chairs you can treat like a floor

Koroseal is a typical B. F. Goodrich product development

THAT'S a light yellow chair—beautiful, before those muddy shoes and juicy apple got on it. But, just a quick swipe with a soapy cloth, and dirt and sticky fruit juice will be gone, the chair like new again, and no scratches from even those big shoes. That's because the upholstery is Koroseal flexible material.

How many other things can it improve? You business men with product problems can probably think of even more ways to use it than we can.

Koroseal flexible material is not rubber. It is made usually from limestone,

coke and salt, sometimes from other raw materials. It may be in sheets of various thicknesses, films, coatings on fabrics, one or both sides, may be molded or extruded into tubes or other shapes. (As a garden hose it's better than any material ever used before, is a third to a half lighter than ordinary hose.)

If you're getting a new travelling bag be sure to get Koroseal. It will stand more dropping, kicking, rubbing, scuffing, yet it's so easy to keep clean.

Koroseal flexible material makes long-lasting shower curtains, raincoats

that are permanently waterproof, tank lining for handling some kinds of acids that even rubber can't stand. It is used for dozens of other things and can be used for still more. If you have any product Koroseal might improve or any problem you think it might solve, write to *The B. F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal—Trade Mark, Reg. U. S. Pat. Off.

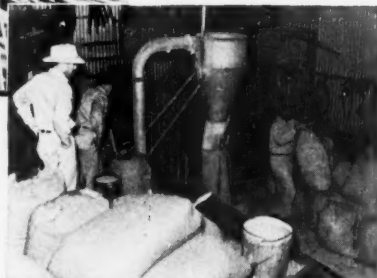
B.F. Goodrich
Koroseal Flexible Materials

HIS ROAD TO SUCCESS



◀ Ti-Jules gets up to \$14 a barrel for rice from his 300 to 500 acres which yield an average of 12 barrels per acre—or 22 barrels if he rests the land for a year.

Broken, culled rice grains are ground and mixed into formulas for chicken and cattle feed. The Baronets have 40 purebred Herefords and 150 grade cattle.



◀ Favorite family dishes include—rice, of course! Well-equipped 30-foot-square kitchen is a mighty important part of home to all the Baronet clan.

Clothing demands of four daughters plus sisters-in-law and their "small fry" make this room a bee-hive of activity, keep the sewing machine humming.



The best people in the Country

turn to Country Gentleman for Better Farming, Better Living

ES WAS PAVED WITH RICE

One of the hardest of all crops to raise, rice put Ti-Jules Baronet on Easy Street:
Yet this Country Gentleman subscriber of Louisiana started with just four assets—
his head, heart, hands and a good wife. Today he wouldn't sell out for \$250,000:

THIS is what you tackle when you start raising rice: you labor hard in mud with fantastic amounts of expensive equipment, you move whole lakes of water several times a year, and you contend with a delicate balance of intricate finance.

Ti-Jules Baronet was up against even more when he started 25 years ago. Soon after he bought his farm he was worse than broke—he owed \$40,000, and rice was selling at a disastrous \$2 a barrel.

But today this Country Gentleman farmer can take pride in a remarkable record. He has profitably produced a third of a million barrels of rice. He owns 700 acres and rents 700 more in an operation that is a model of good management. And in nearby Crowley, Louisiana, "rice capital of America," the Baronets are respected as

substantial citizens in the community's business and social life.

Here is another truly inspiring story of the rewards in our way of life for work done wisely and well on the land. Told in full in the July issue of Country Gentleman, this is another in a series of real-life success stories that are providing incentive—and guidance—to other farm families working to better their living through better farming.



Here is a key to many an advertising success story: Surveys show that Country Gentleman is read by 63.7% of the best farm machinery customers, 63.8% of the best rural electrical appliance customers, 66.0% of the best rural building material customers throughout the nation!



▲ Levees are piled up with disk plows to keep rice flooded until maturity. This highly mechanized farming requires a wide variety of equipment. The Baronets count their tractors, "rice buggies" and other machines by the half-dozens.

Good living means good eating—and plenty of it. This big freezer is essential for stocking food cooked on two ranges for 11 Baronets, 19 grandchildren and up to 35 harvest hands.



2,300,000 circulation concentrated among the "top half" farm families who receive 90% of all U. S. farm income.

In over half of all U. S. counties, Country Gentleman circulation exceeds that of the biggest general weekly and biggest monthly magazine.





BECAUSE THEY ARE QUIET and fume-free, battery industrial trucks can be used in virtually any part of the plant. They can even be provided with spark-enclosed construction if fire and explosion hazards exist.

They use low-cost electric power and use it with peak efficiency ... starting instantly, consuming no power during stops. Their electric motors have few wearing parts; are easy to maintain; rarely need repairs. Thus they have inherent economy and dependability.

They are doubly dependable and economical when powered by EDISON Nickel-Iron-Alkaline Storage Batteries. These are the longest-lived and most durable of all batteries, with steel cell construction, electrolyte which is a preservative of steel, and a foolproof principle of operation.

If you do not already use EDISON, get a current price quotation—you will probably find initial cost *much lower* than you think. Couple this factor with well-known EDISON long life and you will have the key to year-after-year economy.

ADVANTAGES OF EDISON NICKEL-IRON-ALKALINE BATTERIES:
They're mechanically durable; electrically foolproof; quickly and easily charged; simple to maintain; not injured by standing idle.



EDISON
Nickel • Iron • Alkaline
STORAGE BATTERIES



EDISON STORAGE BATTERY DIVISION
of Thomas A. Edison, Incorporated, West Orange, N. J.
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BUSINESS WEEK

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BUSINESS WEEK • July 2, 1949

THE MANUFACTURER WHO WANTED TO BE A MISER!

(A STORY OF AMBITION)

by Mr. Friendly



A frustrated miser was poor Mr. Wiser
"Without any profits," he said with a pout,
"What have I got to *mise* about!"

"It seems a shame," Mr. Friendly replied,
"That a worthy ambition like yours be denied!
That's why I suggest you certainly try
American Mutual's *savings buy* . . ."

(Year after year we've helped reduce premium costs
for scores of industries to way below the average
rate! And despite rising costs, we still give you the
chance to save up to 20 cents on every dollar you
spend for insurance.)

Today Mr. Wiser's a leading miser!
"I owe all my success," he says modestly,
"To Mr. Friendly's company!"

AMERICAN MUTUAL

... the first American liability insurance company

© 1947, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY



The biggest extra in insurance . . . that's I.E. Loss Control,*
a special service, at no extra charge with every industrial
policy. Ask your American Mutual man to tell you how
this service works. Write for free copy of "The All-
American Plan for Business" or "The All-American Plan for
the Home." American Mutual Liability Insurance Co., Dept.
B-62, 142 Berkeley St., Boston 16, Mass. Branch offices in
principal cities. Consult classified telephone directory.

*Accident prevention based on principles of industrial engineering.



**Catching
a
customer
in
Copenhagen**

Transacting business in foreign countries by telephone has definite advantages. You talk directly with the person you're doing business with. You can reach a quick understanding—and avoid misunderstanding—ask and answer questions, settle details, in a single call.

When you call friends or relatives overseas, you have the warm satisfaction of hearing their own voices, and enjoying an intimate, two-way conversation. Service is open to most countries around the world. Just say to the Long Distance operator "I want to make an overseas call."



**... is
easier to do
by
telephone!**

BELL SYSTEM OVERSEAS TELEPHONE SERVICE



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THE COVER

This week, as the federal government started a new fiscal year, senators of both parties were calling on the Administration to cut back on spending. If Congress writes this demand into law, the job of trimming 5% or 10% from the president's program will probably go to Frank Pace, Jr.

• **Logical Man**—Pace is the logical man for the job. As director of the Bureau of the Budget, he helped whip the programs into shape; he should have a pretty good idea of what can come out.

Though Pace, at 37, is the youngest man in history to serve as budget director he brings a well-rounded background to the job. On graduation from Harvard Law School in 1936, he went home to Arkansas to practice law and serve as general counsel to the state's dept. of revenue.

After four years in the Air Force, Pace became special assistant to Attorney General Tom Clark. Later, he was for some time executive assistant to the Postmaster-General.

In January, 1948, he was appointed assistant director of the Budget Bureau. When James Webb became Undersecretary of State six months ago, President Truman named Pace to take over as budget director.

• **Potentials**—In addition to training in administration, Frank Pace has a deep insight into the potentials of his job. He becomes almost reverent when he talks of the service he believes the federal budget can—and should—render the nation.

In his view, the budget is a powerful tool which Congress and the President can use to shape and carry out national policy. He sees it as a kind of master control panel for measuring the country's resources against its most pressing needs, for setting priorities among programs.

Pace obviously likes his job; if he has his way, he will stay close to the control panel for a long time.

—Analysis of the significance of the 1949-50 federal budget on page 25. Cover photo by Harris & Ewing.

REMINGTON RAND *Announces* **ROBOT-KARDEX**



**THE FIRST MECHANIZED
VISIBLE RECORD SYSTEM!**

**GREATER CLERICAL OUTPUT
PER HOUR AND PER DOLLAR!**

It's a file. It's a desk. Both in one automatic unit. No lost time or motion. More work done with less effort, less fatigue, less employee turnover. And a new low in the costs of keeping your records!

The records, in convenient slides, are positioned automatically at a uniform, desk-height working level . . . just by pressing an index key! You get all the famous advantages of Kardex visible indexing and signaling, plus greater efficiency than ever before!

Suppose this means a boost of only 30% in the output of a \$40-per-week clerk. You gain an easy \$600 per year!

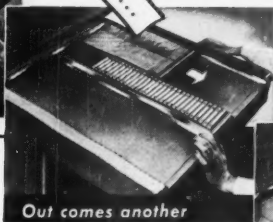


Press index key

Only three seconds average to return one slide and position the next set of records. No reaching. No lifting. No stooping. No shifting back and forth.



In goes one slide



Out comes another



Ready for ACTION!

PS: You save office space, too. ROBOT-KARDEX gives you 4020 complete sets of visibly-indexed 8" x 5" records in 13.4 sq. ft. of floor space, including operator's chair—59% more per sq. ft. than with Standard Kardex.

Copyright 1934 by Remington Rand Inc.

Free booklet KD 505 gives you all details on this sensational new equipment. Ask our nearest office, or write to Systems Div., 315 Fourth Ave., New York 10, N.Y.

Remington Rand

THE FIRST NAME IN BUSINESS SYSTEMS



Closet Dweller

A lot of small homes and stores haven't got much room for heating equipment, and a lot of apartment buildings prefer to have each dwelling unit heated individually. Thus even spare closets or alcoves frequently must be used to accommodate central heating equipment.

And this brand new oil-fired air conditioner by American-Standard . . . the Winterglo . . . is specially designed to fit into just such small spaces and do a bang-up job of heating in spite of cramped quarters.

The Winterglo is amazingly compact. It's good-looking. It's factory-assembled and pre-wired. It can be installed quickly and easily. And it's equipped with an Arcoflame Oil Burner, at your option, for maximum efficiency and economy.

In fact, the Winterglo is one more convincing proof that American-Standard spares no pains to provide special solutions to special problems . . . whether in heating or plumbing, whether in residential, commercial or institutional buildings. And it emphasizes once again the insistence on product quality which has made American-Standard "First in Heating, First in Plumbing."

American Radiator & Standard Sanitary Corp.
General Offices: Pittsburgh, Pennsylvania



Look for this Mark of Merit

AMERICAN-Standard
First in heating . . . first in plumbing

Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILER • ROSS HEATER • TONAWANDA IRON

BUSINESS OUTLOOK

BUSINESS WEEK

JULY 2, 1949



Midyear finds business activity down 12½% from its 1948 peak.

The dip speeded up in May and June. The Federal Reserve Board index for May was 174 (1935-39 = 100). June apparently was about 170.

Thus, the quarter averaged out to around 175. That is almost exactly what Business Week expected (BW-May21'49,p9).

Sentiment now is unduly swayed by the steepening business slide in May and June. Thinking in Washington, for example, has turned quite gloomy (BW-Jun.25'49,p19).

There are reasons, though, for taking a much more hopeful view.

The dip has been faster than most people had expected. It has carried about as far as a lot thought it would. The bottom, thus, may be near.

Prices have been going down for almost a year. Unemployment has been rising for nine months. Business has been receding for seven months.

If this is to be only a mild "correction," it must be almost over.

Unemployment has not yet begun to feed on itself. Business failures are by no means alarming. Collections, over-all, are good. Inventory distress is not in evidence. Bank credit, if anything, is going begging.

In short, there is little resemblance to any past "crisis."

Steel output, at present, is the thing that gives most businessmen the jitters (page 19).

Operations dropped from 90% to 80% during June. This is the sharpest slump since reconversion (excepting for steel or coal strikes).

But steel, for some time, was turning out more than customers were using. Now the mills are cutting back to match orders. Customers are buying less than they are using, so output will sag below actual consumption.

That can't go on forever. Customers will chew their inventories down. Then they will have to start buying full current needs.

Steel output will probably hit bottom before September.

Employment-unemployment figures will continue to look alarming for the next couple of months.

The Census Bureau takes its July count next week. That's the biggest week of the year for factory vacations. So Census will come up with an exceptional total of those "with jobs but not at work."

Also, all the temporary summer workers will be looking for jobs. That will run up July unemployment (BW-Jun.11'49,p9).

Manufacturing employment went down another 300,000 from April to May.

That cuts total factory production workers to 11,824,000. This is off 1,650,000—about 12%—from the peak last September.

Scattered layoffs have been continuing right up to the present time.

Thus, it is unlikely that the June or July reports will show much improvement, even allowing for seasonal growth tendencies.

Biggest factor in the layoffs since last September has been manufacturers overshooting their markets. Many factories—and whole industries—

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
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have had to cut back output and jobs while disposing of finished goods. Rehiring will come in these lines, once the surpluses have been moved.

•
Even plants that haven't overproduced are following a very cautious policy on inventory. Where they once were buying three to five months ahead, they now are down to three to five weeks.

Crashing prices—as in nonferrous metals—contribute to this.

Once prices begin to stabilize, buying will be more liberal. This fans out in the form of jobs as it seeps down from one supply level to the next. It will help reverse the downtrend in wage and salary payments.

•
In all the headlines about layoffs and firings, don't forget that there are hirings, too. Boeing needs 3,700 new workers in Wichita in the next 12 months; Bendix Aviation's radio division in Baltimore expects to add 1,300 by next summer.

•
Industrial construction isn't the expanding factor it was in 1948.

Such spending was down 20% for the first five months of this year; Dept. of Commerce estimates are for a decline of 28% on the full year.

That, however, isn't the whole story of capital expenditures. Industry completed much of its actual construction prior to this year. Big outlays now are for new and better equipment to put in existing plants.

There has been no perceptible change in spending plans for such capital equipment (although there could be, later on, if things continue sour). And long-range demand for replacement still is very large (page 24).

If business picks up, this will buoy heavy industry.

•
Industrial construction, which may have been delayed because of high costs, could look attractive later this year. The Austin Co. reports a drop from 174 to 166 in its index of industrial building costs during the second quarter this year. Main cause: greater labor productivity.

And the real saving is greater than the index shows. Guaranteed overtime, which the index never included, now is a thing of the past.

•
Residential construction still has a good chance of topping 1948—in number of dwelling units, if not in total value.

Number of units started in May was 95,000. That wasn't too far below the 100,300 for the same month last year.

But May marked the high month last year; the slide was fairly rapid from that point on. If this year's pattern is normal, "starts" won't hit their high until July or August. That would make quite a difference.

•
Devaluation of the British pound, if it comes, won't be a serious blow to U. S. business—other than psychologically.

(The present unsolved dollar crisis, outlined on page 67, is perhaps more dangerous.)

At the outset, devaluation would make British buying for cash in the U. S. more expensive. But we wouldn't suffer much of an export drop, because a large part of our shipments to Britain are Marshall-Plan-paid.

Later on, Britain would hope to sell more to us with price tags marked in cheaper pounds. Then that would let them buy more—and on a cash basis.

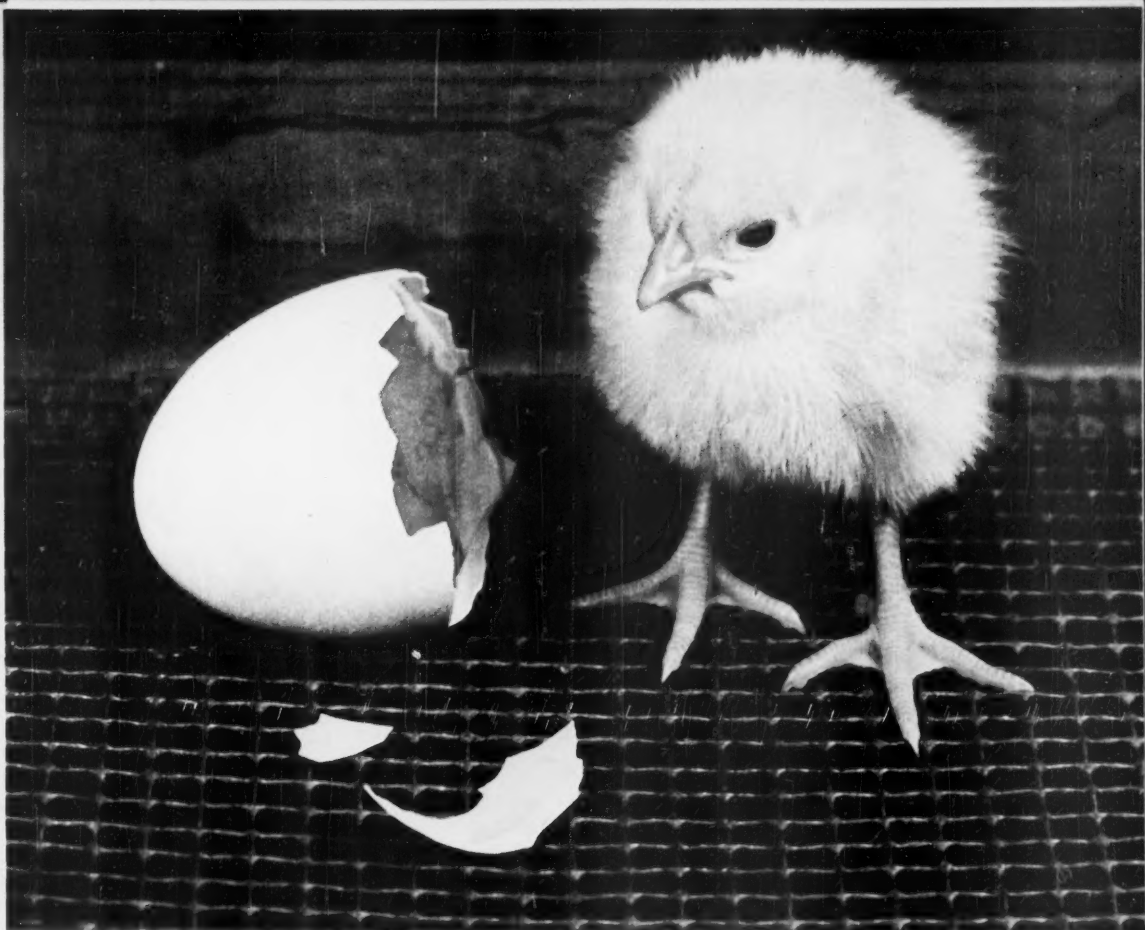


Photo by Layden

The Chicken comes first!

THE OLD QUESTION about which comes first, the chicken or the egg, is no problem at all to poultry raisers—the chicken always comes first. For it is obvious that the better care chickens receive, the more likely they are to grow up into good egg producers and plump, healthy broilers.

So it is good news to poultrymen everywhere that the Lederle Laboratories Division of American Cyanamid Company has developed a new vaccine which prevents outbreaks of dreaded Newcastle disease. In recent years, Newcastle disease has killed or stunted hundreds of thousands of birds and has threatened to spread throughout the poultry-raising sections

of the entire country. This new vaccine, called NEWCASTLE VACCINE Lederle, gives dependable, lasting immunity. Moreover, birds vaccinated with it usually pass immunity on to their chicks, thus protecting them for the first two to four weeks of their lives. After this period, the chicks, in turn, can be again protected by vaccination.

This timely development of NEWCASTLE VACCINE Lederle is of importance not only to poultrymen but to you as a consumer. An outstanding example of planned research made possible by the

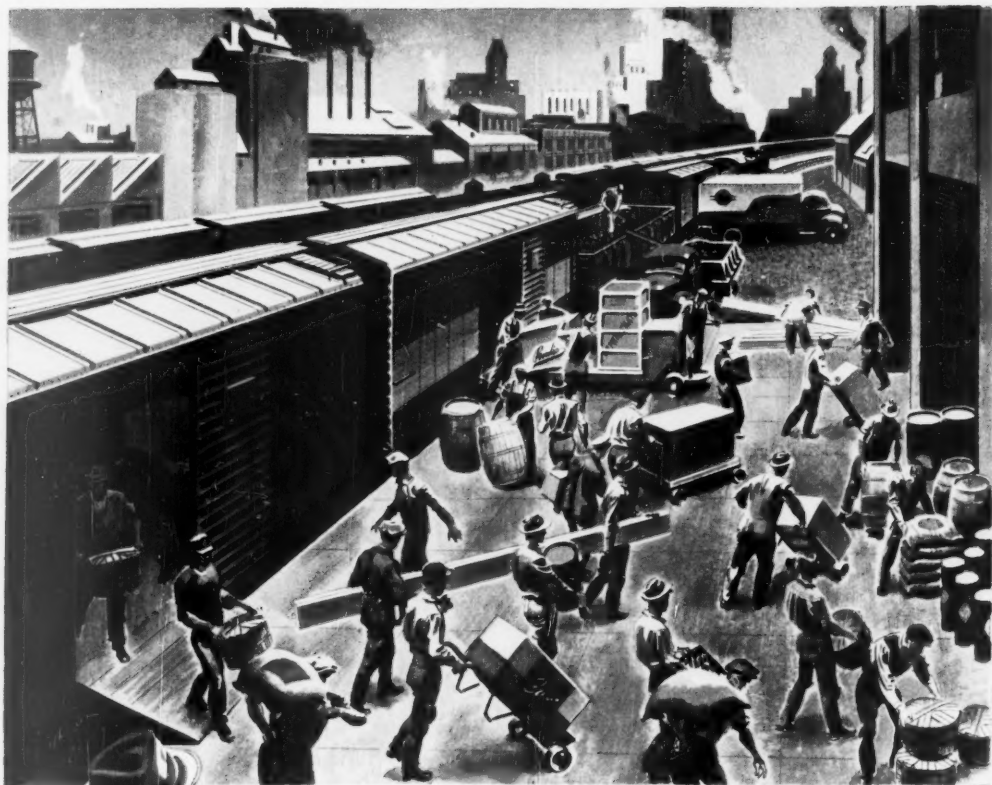
long experience of American Cyanamid's Lederle Laboratories in virus vaccines, it is typical of many Lederle achievements in veterinary medicine.



AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

MOLDING THE FUTURE THROUGH CHEMISTRY



Suppose *YOUR* Share of the yearly railroad freight came all at once

You'd need a warehouse to store it and a fleet of trucks to move it, if your proportionate share of the freight originated yearly on Class I American Railroads were delivered to you at one time.

You'd get 2200 pounds of potatoes, wheat, corn and other produce . . . 272 pounds of meat . . . over 11,000 pounds of mine products . . . 5600 pounds of manufactured items. And the railroads would have hauled all this an average distance of 125 miles!

Fortunately, you don't have to take your share all at once. For the railroad organization,

operating with remarkable efficiency, transports it piece-meal, to cities, towns, and hamlets all over the nation. On many items, daily delivery schedules must be—and are—maintained!

The steadily increasing load on the railroads is being handled by use of improved equipment and efficiency of operations. Each forward step has demanded new developments in brakes. Thanks to a continuous research program, now in its eighth decade, Westinghouse Air Brake equipment to meet each new need has always been ready.

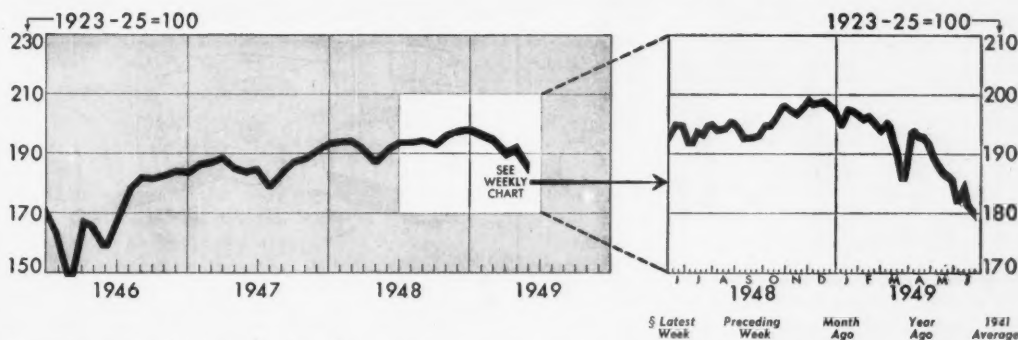


ABC NETWORK • Monday Nights

✕ Westinghouse Air Brake Co.

WILMERDING, PA.

FIGURES OF THE WEEK



Business Week Index (above) *180.8 +181.9 186.2 195.1 162.2

PRODUCTION

Steel ingot operations (% of capacity).....	79.9	84.4	91.8	95.2	97.3
Production of automobiles and trucks.....	150,659	+146,056	117,703	95,027	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$32,211	\$31,097	\$26,326	\$25,925	\$19,433
Electric power output (million kilowatt-hours).....	5,466	5,373	5,270	5,257	3,130
Crude oil (daily average, 1,000 bbls.).....	4,889	4,868	4,897	5,494	3,842
Bituminous coal (daily average, 1,000 tons).....	350	2,160	1,856	2,229	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	71	72	71	82	86
All other carloadings (daily average, 1,000 cars).....	38	63	58	69	52
Money in circulation (millions).....	\$27,345	\$27,391	\$27,367	\$27,792	\$9,613
Department store sales (change from same week of preceding year).....	-8%	-5%	-5%	+21%	+17%
Business failures (Dun & Bradstreet, number).....	196	196	206	111	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), May...169.2	169.7	170.5	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	335.4	338.4	344.1	436.0	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	207.8	210.6	223.3	276.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	294.0	293.7	293.4	392.7	146.6
Finished steel composite (Iron Age, lb.).....	3.705e	3.705e	3.705e	3.211e	2.396e
Scrap steel composite (Iron Age, ton).....	\$19.33	\$20.25	\$21.75	\$40.66	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	16.000e	16.100e	17.625e	21.500e	12.022e
Wheat (Kansas City, bu.).....	\$1.98	\$2.08	\$2.24	\$2.30	\$0.99
Sugar (raw, delivered New York, lb.).....	5.87e	5.87e	5.84e	5.54e	3.38e
Cotton (middling, ten designated markets, lb.).....	32.54e	33.01e	32.54e	36.21e	13.94e
Wool tops (New York, lb.).....	\$1.586	\$1.616	\$1.565	\$1.995	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	16.46e	16.45e	16.89e	22.80e	22.16e

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	111.9	111.0	114.0	133.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.48%	3.48%	3.45%	3.34%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.71%	2.71%	2.72%	2.78%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14%	14-14%	14-14%	14%	4-8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	46,319	46,844	46,383	46,647	+127,777
Total loans and investments, reporting member banks.....	62,606	62,603	62,281	62,872	+132,309
Commercial and agricultural loans, reporting member banks.....	13,292	13,385	13,628	14,259	+16,963
Securities loans, reporting member banks.....	2,322	1,908	2,131	1,807	+11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	34,515	34,867	34,145	34,869	+115,999
Other securities held, reporting member banks.....	4,529	4,502	4,437	4,215	+14,303
Excess reserves, all member banks.....	970	1,260	760	728	5,290
Total federal reserve credit outstanding.....	20,113	19,911	20,048	21,721	2,265

*Preliminary, week ended June 25th.

+Revised.

††Estimate (BW-Jul.12'47,p16)

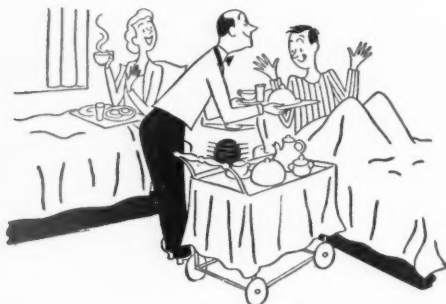
BDate for "Latest Week" on each series on request.



1. Said Jack to Joan: "You need a treat, a break in your routine, a change from keeping kids and clothes and house and dishes clean. Let's have some fun just by ourselves. I'll tell you what we'll do—let's week-end at the Statler . . . it will fix you up like new!"



2. They came to Statler Friday night, had dinner, saw a show. "Oh, that was *grand*," said Joan to Jack, "but grander still, you know, is sleeping *late* tomorrow; just think, 'til nine or ten. And Statler's bed's so comfortable, I may not wake up then!"



3. "The perfect way to start a day," said Joan to Jack, "is this—a Statler breakfast in our room, while *we* relax in bliss. The coffee's hot, the bacon's crisp, the eggs are just delicious; and, best of all, we will not have to wash the breakfast dishes!"



4. That afternoon they "did" the town, and Joan exclaimed: "It's grand that shops and shows and other things are all so close at hand. To *see* the most, and *do* the most upon a short vacation, it really helps to stay at Statler's heart-of-town location!"



5. They dined on Statler's famous food, they danced the night away, and sparkling entertainment helped to make the evening gay. Then Joan exclaimed: "Ah, any wife would like *this* gift the best—a *week end* at the Statler, where you really are a guest!"



STATLER HOTELS: NEW YORK (FORMERLY HOTEL PENNSYLVANIA)
BOSTON • BUFFALO • CLEVELAND
DETROIT • ST. LOUIS • WASHINGTON
STATLER OPERATED HOTEL WILLIAM PENN • PITTSBURGH

WASHINGTON OUTLOOK



YOUR LABOR LAW, for the next two years, will be Taft's law—or Taft-Hartley continued.

Either way, that means that labor legislation will be the rallying point for union political action in the 1950 congressional elections. It will be 1948 all over again.

Labor has lost, for now, the fight for its own law. But you can be sure any law that labor leaders label an employer law is in politics to stay.

Taft demonstrated, with his injunction-seizure amendment victory, that the only labor law Congress can enact is one to which Taft assents.

Taft's "package" amendment revising the rest of Taft-Hartley was pending in the Senate at mid-week. By the time you read this, you may know the outcome.

If it wins, there will be no new labor law. Here's why: Truman Democrats (unwilling to take Taft's rewrite) and Taft-Hartley diehards (who really prefer the law as it is) were ready to unite on dropping the subject for the session.

Even if Taft's ideas lose as a package, the chances are still against final enactment of any new law. Taft will bring his ideas up for a vote, one by one. A lot of them are sure to be accepted. Truman probably would veto the resulting bill.

That would be a decision for a clear-cut election fight next year. If Truman signs a Taft bill, he would chance getting stuck with a share of the responsibility for it.

Margaret Chase Smith, the senator from Maine, provided the margin for Taft's victory on emergency injunctions—the closest fight he had to face.

She did it on the Lucas amendment with which the Truman forces hoped to rip injunctions out of Taft's injunction-seizure proposal.

Before the vote, Taft counted Mrs. Smith as one of the Republicans lined up against him. Taft's labor expert, Tom Shroyer, put this plea to her: We figure the vote as a 45-45 tie, with Vice-President Barkley deciding against us; if Taft is licked, he's through politically.

Mrs. Smith replied: Tell Taft the vote will be 46 to 44.

It was.

SCRATCH POINT 4 from the list of things to expect from Congress this year.

House and Senate leaders just aren't finding time on their already jammed schedules for this late starter; Truman's Inauguration Day idea for exporting U.S. show-how and private capital to underdeveloped regions didn't reach Congress as a plan until June 24 (BW-Jun.25'49,p109).

Also, there will have to be extensive committee hearings before the legislation comes up for a vote. Businessmen with money already tied up in Point 4 areas are objecting to being left out of the proposed guarantees for new investment.

WHEN WILL CONGRESS QUIT? We don't know, either. But Speaker Rayburn turned down an invitation from an ex-colleague to speak in Ohio on Aug. 26. Rayburn's reason: I'll still be here.

THE "FIVE PERCENTERS" are back in the headlines again; they never were out of Washington.

They are the boys around town who know which government agency is buying what—and when; they sell their knowledge to suppliers for a commission on the business they can swing.

Commotion over this sort of thing has come up again, now that one of the fraternity has been charged with promising more than he delivered. Two or three committees of Congress are talking of doing something; Defense Secretary Johnson wants to drive them out of the Pentagon.

It will all die down. Like lobbyists, these commission men are a necessary evil in the Washington scheme of things.

Estimates are that 500 or 600 of them are currently doing business here. Many of them are full-time agents of big companies with a lot of government business. Others work on retainers for strings of little fellows. Their business is booming these days, with businessmen vying for government trade.

A large number of the "five percenters" are ex-government workers or old hands who have learned their way around. For the most part they sell their experience; only a few try to peddle their influence—imagined or, sometimes, real.

YOU CAN NOW BUY a 31-page monthly fever chart of the nation's economic health from the Government Printing Office. Price: 15¢ per copy, \$1.75 by the year.

These "Economic Indicators" are the same

WASHINGTON OUTLOOK (Continued)

charts and tables Truman's Council of Economic Advisers have been preparing for a year for the joint congressional economic committee (BW-Apr. 24 '48, p. 24).

Each month's issue is divided into six sections: the economic budget, prices, employment, production and business activity, purchasing power, money and finance.

FOUR LAWS of import to business expired quietly this week. At least one of them will be revived by Congress in a few weeks.

The list:

Regulation W—The curb on instalment buying passed last year as a brake on inflation. With sales slumping in consumer durables, officials expect a rash of dollar-down-and-a-year-to-pay financing, but no runaway jump in credit.

Bank reserves—The 2% extra margin authority granted Federal Reserve as a companion inflation-curb measure to Regulation W. It wasn't being used anyway.

Import controls—The Second Decontrol Act, which retained authority from wartime to allocate imports of rice, fats and oils, antimony, fertilizer. Only tin and tin products have been under allocation in recent months, and Congress extended tin control another year.

Producers of domestic fats and oils and rice also are pushing Congress into keeping authority to reimpose import controls on their products for another year, as a safeguard against foreign dumping. These controls have been dormant nearly six months, probably won't actually be revived.

Reciprocal trade—Congress will put this one back on the books just as soon as the Senate gets around to debating and voting, probably late this month. Meantime, existing trade pacts remain in effect.

Next to go is the Taft-Wolcott voluntary steel-allocation law, last of the anti-inflation measures. It expires Sept. 30.

This program is now not much more than book-keeping. For the final quarter, 243,000 tons of earmarked steel will go to fabricators of 16 projects or products considered essential—from warm-air heaters to the Oak Ridge pipeline.

GENERAL ANILINE & FILM CORP.—biggest enemy-owned business still operated by the gov-

ernment—may be sold to private owners before the year's end.

That's Attorney General Tom Clark's goal. To pave the way for it, he's dickering to settle, out of court, the lawsuit of I. G. Chemie, of Switzerland, for return of 93% of Aniline's stock.

Chemie claims that, being Swiss, it never was an enemy alien. Clark claims Chemie was a "front" for Hitler's I. G. Farben chemical trust. But he's willing to settle Chemie's claims at 15¢ to 20¢ on the dollar—rather than go through with years-long litigation.

The prospect is for an agreement within a month or two.

The sale of Aniline must be to American citizens whose acquisition of it, in the eyes of the Justice Dept.'s Antitrust Division, won't further monopoly.

One unsettled question: whether to offer Aniline as a package or piecemeal. The company has four main operating divisions—Aniline works at Rensselaer, N. Y.; and Grasselli, N. J.; Ansco at Binghamton, N. Y.; Ozalid at Johnson City, N. Y.; Antara Products at Chicago and Oakland, Calif.—and a central research lab at Easton, Pa.

Last year, Aniline turned in a net of \$8.6-million on gross sales of \$91-million. Its government-named directors figure Aniline, in private hands, could double its size just to keep up with its market.

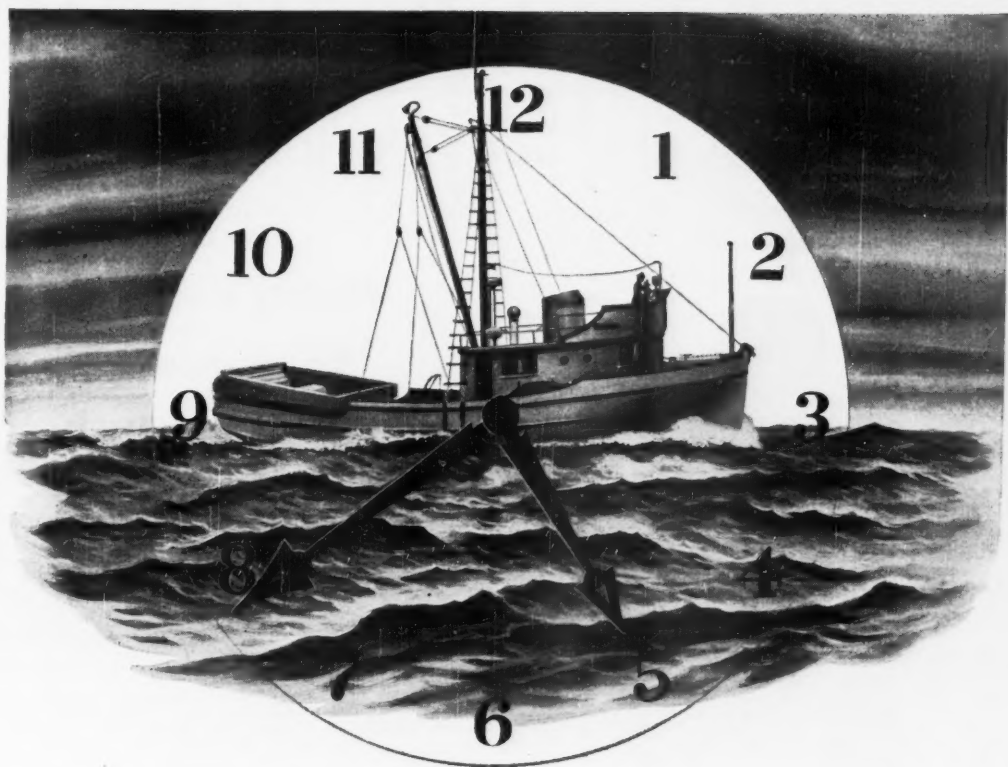
The second biggest enemy-owned business still in government hands is scheduled for disposal in September.

It's the \$15-million Schering Drug Corp., taken over from German owners in 1942. Its most valuable assets: insulin and hormone patents.

The Justice Dept. has had inquiries from about 25 prospective purchasers. It expects 15 to 20 of the inquirers to clear the monopoly hurdle and put in sealed bids.

YOU'RE ENTITLED TO A QUORUM when you are summoned before a congressional committee. The Supreme Court said so this week, in a 5-4 split, reversing the perjury conviction of labor leader Harold Christoffel.

Justice Murphy's majority opinion didn't question that Christoffel lied to the House labor committee but ruled that, because no quorum was present, the committee wasn't a "competent tribunal."



More time Fishing... LESS TIME EN ROUTE

SPERRY MAGNETIC COMPASS PILOT STEERS SHORTEST COURSE FROM PORT TO BANKS, SAVES MANPOWER



With the Sperry Magnetic Compass Pilot, the small fishing craft gets straight steering with less yaw and minimum rudder activity in a rough following sea. Result? A quicker trip from port to fishing banks . . . more time over the fishing grounds.

■ **Full Rudder Control Away From Wheel.** A Portable remote control device enables the fishing captain or mate to have full follow-up rudder control from any part of the boat for . . .

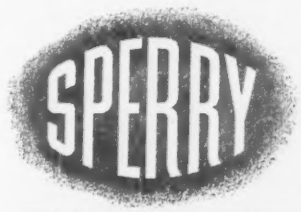
supervising all fishing operations while he steers . . . saving valuable time when hauling and handling the winch . . . maneuvering, coming alongside other vessels or docking.

■ **Nothing Could Be Simpler.** You "dial" your course and the Sperry Magnetic Compass Pilot holds it automatically as long as you wish.

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At left is 40-watt fluorescent lamp. At right are General Electric's two 96" slimline lamps—the T-8 (1" diam.) and the new T-12 (1½" diam.)

General Electric brings you a new, bigger slimline fluorescent lamp!

...to streamline the lighting of stores,
factories, offices, schools and shops.

Here it is! A big new slimline fluorescent lamp...8 feet long, 1½ inches in diameter...75 watts, and it has a greater light output than any other General Electric fluorescent lamp.

It's the new General Electric T-12 slimline.

If you want cool, modern streamlined lighting for store, office or factory, better get all the information about G-E slimlines and particularly this newest member of the slimline family... the T-12.

In addition to its size, this new lamp brings you all these important advantages of G-E slimline lamps:

1. New streamlined appearance.
2. Instant start—no starters needed.
3. High efficiency—more light per watt.
4. Easy maintenance. Single-pin base makes them easy to install and replace.
5. Long life.

For latest information about General Electric lamps and help with any lighting job, see your G-E lamp supplier.

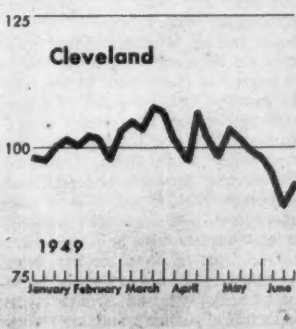
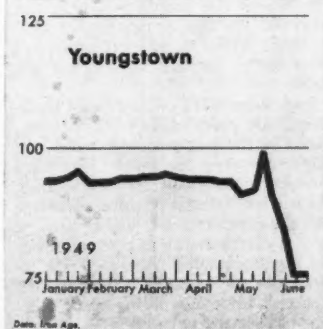
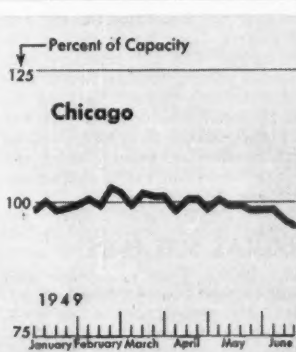
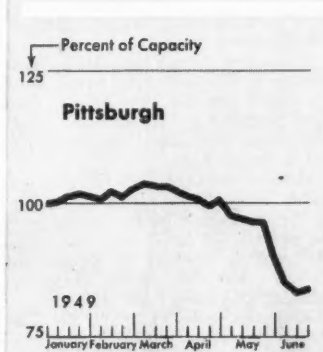
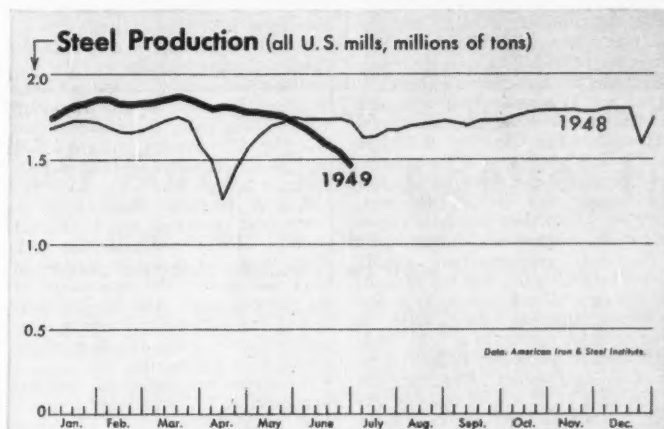
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GENERAL  ELECTRIC

Steel Output May Go Into a Tailspin



Rate could drop to 70% this month, or lower, if users keep living off inventories. Chicago production is holding up well.

Steel production is falling so fast that its momentum may carry it down to 70% this month.

• **Down and Down**—That would be a deeper cut than anyone dared predict earlier this year. In March, for example, one of the smartest steel men said that ingot rate would go no lower than 75% the rest of this year. His prediction already is in jeopardy, for the current week's operations are scheduled at 79.9% of capacity. Next week the rate is expected to be 5 to 10 percentage points lower because of the July 4 shutdowns.

The plummeting steel rate probably also means that the over-all rate of industrial activity is still on the way down. The Federal Reserve Index of Industrial Production stood at 174% of the 1935-1939 average in May. A decline of as much as 5 points more is likely for June, the FRB says.

• **Excess Production**—Many think the steel industry is operating even now in excess of day-to-day consuming needs. But no one can be sure. And no one knows how much excess there is. A drop in the operating rate to 70% may equalize production and use.

However, the reduction of inventories by steel consumers may be a big enough factor to pull the steel rate below 70%—even if that means production is less than consumption. The steel industry's experiences in 1921 and 1938 suggest that the rate could go as low as 50% before it turns itself around. No one, though, is predicting at this time that the rate will sink to that depth.

• **High Gear**—Early this year it became obvious that the supply of steel was getting better each week. Production was going at a terrific clip. Beginning with the week of Jan. 22, the operating rate was 100% of capacity or better for 10 consecutive weeks.

In the last six weeks the average rate of decline has been 24 points a week.

• **Prop**—Steel's decline would be even sharper if it weren't for the auto industry. Steel purchases by the auto com-

panies represent backlogs that will go through August, and maybe beyond. But if you believe that auto demand will decline in the fourth quarter this year, remember that the Detroit prop will be pulled out.

Recently there has been a little insurance buying, too, by the auto companies to hedge against a possible mid-July steel strike. The same goes for producers and suppliers. One Detroit opinion is that during July, August, and September, after the steel labor contract has been signed, and provided there is no strike, buying will have to thin out. The insurance inventories will just have to be worked off.

• **Others**—Only a few other steel users are considered good customers these days. The mills still have sizable bookings for some kinds of pipe and plates. Production of tinplate should hold up. But most lines in the metal-working field are still cutting steel inventories.

For example, household-appliance makers in the Cleveland area say a steel strike would not affect their production for 60 days—indicating that their inventories are still hefty. Three of the largest auto-parts makers in Cleveland have enough inventory for 20 days, 30 days, and 45 days. Steel warehouses are in good shape tonnage-wise, except on three or four items.

How long can this living off the pantry shelves go on? Steel makers now think the end is in-sight. Customers are beginning to send out cautious queries, or to order small quantities.

• **No Flood**—But as yet there has been no flood of orders. Here's why: (1) Buyers figure they can't forecast accurately what their own production levels will be in the near future; (2) they believe they will be able to get any kind of steel they want when they want it; and (3) they are hoping for a price decline in steel.

Consumers generally think that steel prices will come down. The steel producers are trying to hold the price line—and the larger ones are the most determined to keep prices at present levels.

• **Freight Absorption?**—Of course, an actual price decrease for many steel consumers could come about through freight absorption. Steel companies are still hoping that Congress will pass a law to allow them to absorb freight. Some consumers would get their steel for \$5 to \$10 a ton less if their suppliers picked up the freight tabs.

The present system of F.O.B.-mill pricing is a major reason for the poor showing of steel companies in the Pittsburgh district. The Pittsburgh operating rate undoubtedly will continue to lag behind most other districts until freight absorption is permitted. Currently the Pittsburgh ingot rate is around 80%. U.S. Steel and Jones & Laughlin are operating slightly above

this level; others in the area are under that figure. The Youngstown district is suffering from the same ailment as Pittsburgh. As a result, Youngstown operations have slumped already to 76% of capacity.

• **Chicago Healthy**—On the other hand, the Chicago district is one of the bright spots on the map. The automotive industry is the principal buyer of Chicago-made steel. Also important as Chicago steel consumers are the farm-implementation makers, construction and related fields, the container industry, and the railroads. This week Inland was still producing at 99.7% of capacity. Carnegie-Illinois, Youngstown Sheet & Tube, and Wisconsin Steel were also at levels way above the national average.

• **Cleveland**—The Cleveland district is another that is bolstered by the automotive industry. Heavy orders for pipe are also helping this district. However, there will be no clear picture of Cleveland steel operations until August.

Plant-wide vacations have already started in some mills, and the fabricating divisions of such companies as Republic and American Steel & Wire will close tight for two weeks in July. Such interruptions are bound to have some effect on ingot output. Republic Steel is operating at 77.4% of capacity this week. American Steel & Wire, about 70%; Youngstown Sheet & Tube, 93%.

• **Detroit**—High auto demand naturally is holding up production in the Detroit district. Great Lakes Steel is running around 95% of capacity, and, because of its advantageous freight situation, is unlikely to have the same decline in automotive demand that will affect other makers. Ford Motor's open-hearth furnaces are running along just about as before; but Ford's electric furnaces have shut down entirely.

FIBERGLAS SUIT ENDS

The Justice Dept.'s antitrust suit against Owens-Corning Fiberglas Corp. ended in a consent decree last week. The suit, which named Owens-Corning's two parents—Owens-Illinois Glass Co. and Corning Glass Works—as co-defendants, was filed in September, 1947; it never came to trial.

Justice had asked in its suit that both parents be required to give up their stock interest in their child. In the consent decree, Corning and Owens-Illinois agree that they will "refrain from controlling or directing the commercial policy" of Fiberglas. The meat of the consent decree is an agreement by Fiberglas that it will: (1) license competitors to use some 260 patents, some on a royalty basis and some free; (2) issue licenses on a royalty basis on any patents it acquires in the next five years; and (3) furnish licensees with manufacturing manuals and knowhow.

Truckers Take 5%

Eastern truckers wanted a 10% rate hike from ICC. But business being what it is, ICC's offer of half that will do.

Eastern truckers aren't sore at the Interstate Commerce Commission, even though it has turned down their proposal for a 10% hike in rates.

• **Not so Bright**—The Middle Atlantic Carriers Conference made its 10% proposal last November when things looked brighter. But now, with a dwindling market facing them, the truckers figure that the 5% increase suggested last week as an alternative by ICC may actually be a better deal.

Back in November, the trucking industry was operating on a different premise. Every month starting with April, 1946, had shown an increase in truck-loadings over the same month of the previous year. And the truckmen figured that with traffic booming, they would scarcely notice any drop off resulting from higher rates.

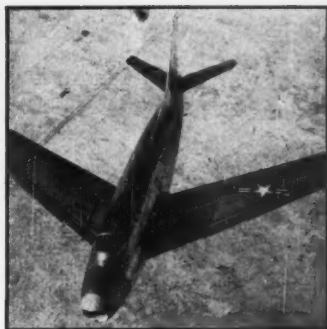
• **Downturn**—But while rate hearings were pending, the truck-loading picture took on a different hue. February showed the first downturn. It was small—only 4% below February, 1948—but some warned it was "the start of a readjustment trend."

It was, even though there was a slight increase (0.9%) in tonnage hauled during March over the 1948 figure. But April produced a 3% decrease. And May, from preliminary reports, looks just as bad as April.

Rising Costs—And with the drop in traffic, truckers' costs are rising, jacking up their break-even point. By last year the carriers had pared down the ratio of operating expenses to income to 93.5%. But the current slump in business, plus rising costs, shot the operating ratio up to 95.3% for the first quarter this year. That's what the truckers really worry about.

Accepting ICC's offer of a 5% rate hike across the boards will help out on costs. But the big question is: Will it divert traffic to the railroads, and cause further declines in operating revenues?

• **Back to Rails**—Some East Coast truckmen think it will. Worst hit, they say, would be the long-haul bulk traffic. In shipments such as liquid petroleum products and agricultural commodities, the truckers' margin of price advantage over the railroads is only slight. In some cases it's just a matter of a penny or two per hundredweight. So even a 5% increase in rates might wipe out the truckers' advantage, swing some shippers back to the rails.



TODAY'S BEST Air Force fighters (Lockheed F-80, North American F-86, Republic F-84) don't fly fast enough or high enough. So . . .

Air Force Seeks Better Fighter Planes

Aircraft industry tries to design one to cope with 50,000-ft. bombers. Successful companies will share \$1-billion in orders.

Top design teams of the aircraft industry are wrestling with a new problem. And the companies that find the answer first will share in a \$1-billion payoff. The problem:

To design and build a high-altitude interceptor, capable of climbing above 50,000 ft., and of intercepting and successfully attacking the best bombers that are likely to be flying for the next decade.

• **A Lot Needed**—Since the interceptor will be built primarily for the air defense of the United States, the Air Force will order large-quantity production of successful designs. It is estimated that close to \$1-billion will be spent on this type of plane over a five-year period. Of the 12 major aircraft manufacturers now in the preliminary design competition, only two or three will eventually get contracts.

The interceptor problem was tossed squarely into the lap of the aircraft industry by the U. S. Air Force in an all-day Pentagon conference. Top brass briefed the industry on the deficiencies of the current crop of jet fighters, and outlined the critical needs of the future.

• **Fighters Lag**—USAF admits that its fighter-development program is now lagging three to five years behind bomber performance.

Reason for this gap: the unexpected performance of the late-model B-36, six-engine Convair bomber, which has already reached an altitude of 47,500 ft. New B-36 models now in the mill are scheduled to do their bombing from 50,000 ft.

• **Air-Density Problems**—Most of the problems of high-altitude flight are based on the rapidly decreasing density of the atmosphere above 40,000 ft. This thin atmosphere causes the power

of current-type jet engines to fall off rapidly. For example, the latest American turbojet that delivers a 5,000-lb. thrust at sea level puts out less than 1,000 lb. at 43,000 ft. Basic problem here is the same as the one solved previously for piston engines by supercharging—ramming enough of the thinning air into the engine to support combustion.

Another problem raised by thin atmosphere is that maneuverability characteristics change with altitude. Fighters designed for high-speed operations at medium altitude (featuring relatively small, highly loaded wings) find their wing area too small to sustain them through violent maneuvers in the thin air of high altitude. Even shallow 15-degree turns cause most of the present crop of jet fighters to stall out above 40,000 ft.

• **Low-Temperature Problems**—Another problem is the extreme cold at high altitudes (temperatures as low as -110°F have already been encountered by B-36's at 40,000 ft.). Jet engines have a habit of "blowing out"; they have to be restarted. The cold makes it difficult to begin combustion; so far no jet engine has been able to start up at over 40,000 ft.

From the data now available USAF thinks the high-altitude interceptor will probably have these general characteristics:

Power: (1) Turbojet for the climb; and (2) auxiliary rocket power for high-speed operations over 50,000 ft.

Wing: Triangular shape for two reasons: (1) Extreme sweepback eases supersonic flight; and (2) large wing surface increases maneuverability at high altitudes.

Construction: Very light, with con-

siderable magnesium, and new alloys with good strength-weight ratios.

Armament: Guided missiles of some kind. All the armament experts agree that present-type machine guns and cannon are completely inadequate for high-speed, high-altitude work (BW—Apr. 30 '49, p. 26).

• **Timing**—The aircraft industry estimates that at least 18 to 24 months will be needed for preliminary design work, and for building prototypes from the designs that show promise. Another six to eight months will be needed for flight test evaluation of prototypes. That puts quantity production off until the end of 1952 at the earliest.

YOU CAN BE A LOBBYIST

A few weeks ago, lobbying was just an old congressional custom. Now it's a game anybody can play.

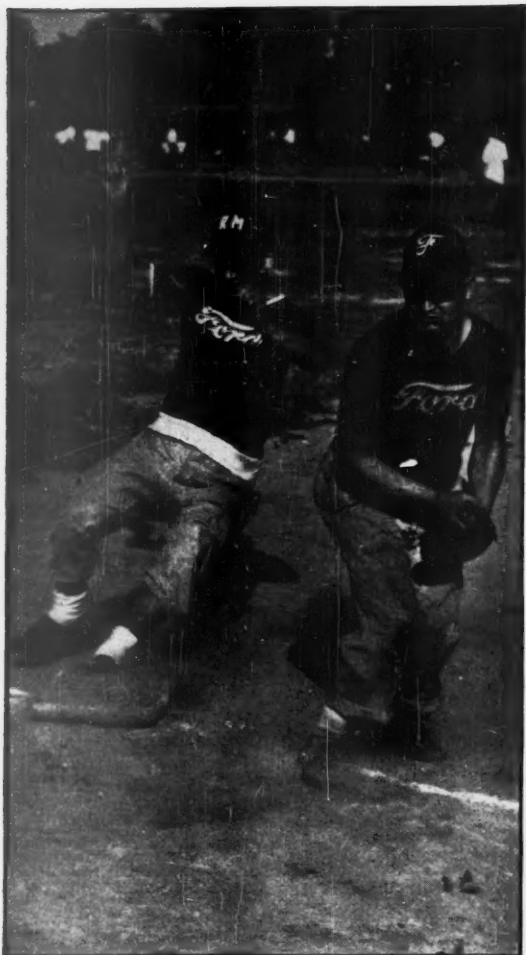
Washington's parlor gamblers were initiated into "Lobby" last week. Object of the game is to lobby a bill through both houses of Congress and get it signed by the President.

Players are dealt cards that are replicas of Senate and House bills. With dice, they try to jockey their bills through the maze of legislative pitfalls. Sometimes a bill, on the verge of becoming a law, will run into a filibuster or get sent back to committee.

The opponents run the gamut of legislative complication. By the time they have become adept, they really should know something about how a law is made.

The inventor of the game, Mrs. Douglas L. Hatch, is no greenhorn. Her husband is a Washington attorney and a registered lobbyist.

"Lobby" is manufactured and distributed by Milton Bradley Co., Springfield, Mass. The game, to retail for \$2.50, now is on sale in Washington, Hartford, Conn., and another test city.



SOFTBALL is likely to have a place in any company sports program. Ford's River Rouge plant alone has 100 softball leagues



GOLF has grown fast as a sport for workers as well as management. Allis-Chalmers' foursome is part of a 510-man company club

Scoring High With



BAIT-CASTING is a popular sport with companies near fishing areas. This team at Indianapolis' P. R. Mallory & Co. practices all winter



BOWLING is No. 1 among all company sports. The Industrial Recreation Assn. estimates that 70% of U.S. bowling-alley business comes from company-sponsored teams. Companies usually supply shirts, prizes. Gillette Razor's bowlers above form one of 90 Gillette teams





HORSESHOE PITCHING draws big lunch-hour crowds. Workers at Western Electric's Hawthorne Works play 3,000 games a month



VENDING MACHINES at Columbia Steel Co. and many another plant help foot the whopping bill for organized industrial athletics

With Your Workers Through Organized Sports

Morale has come to mean a lot more in industrial-relations parlance than just keeping a man happy on his job. It also adds up to a thumping big annual bill for leisure-time recreational programs—which, according to an estimate by the Industrial Sports Journal, cost industry some \$400-million a year.

• **Lots of Equipment**—Sports, naturally, consume a very big chunk of this money. The Journal conjectures that industry now buys more sports equipment than all the nation's schools and colleges combined. Chrysler Corp., for one, orders baseball bats literally by the carload.

Industry figures that the money it puts out on organized sports programs is money well spent. The softball diamond and the bowling alley play the part of safety valves. After-game chatter in the locker room builds friendships and understanding between men of different departments and job levels. And many companies also find that sports programs attract—and keep—high-grade employees.

• **Two Types**—The enthusiasm for sports is there, say industrial-relations men; all that's needed is a green light from management. **BUSINESS WEEK** correspondents checked plants across the country, found two major types of company sports organizations: (1) the employee-sponsored type; and (2) the management-boomed—and financed—athletic associations.

Far in the lead is the employee-run organization, typified by the Federal Cooperative Assn. of the John Hancock Mutual Life Insurance Co., in Boston. It handles sports, picnics, excursions, and the like for its 4,000 members.

F.C.A. is headed by a hard-working president and a 12-man board. Its income from dues and benefits makes it entirely self-sustaining.

• **Ford's Program**—Ford Motor Co. has what is probably the biggest of all management-financed programs. Organized in 1945, it is run by the Recreation Section of Employee Services Dept. of Industrial Relations. Ford's sports section has 14 full-time directors.

They're kept busy. More than 20,000 workers at Ford's River Rouge plant alone take part in company sports. Bowling at Rouge are 60 men's leagues, 13 women's. In addition, there are 100 softball leagues, 20 golf leagues, 22 basketball teams. Ford people can also play any of a score of sports, from tennis to archery—or can even join a sling-shot club. Ford supplies most of the play space for these sports, plus the uniforms and equipment for its teams.

• **Jointly Sponsored**—Some companies have jointly sponsored employee-management sports organizations. Carter Carburetor Corp., in St. Louis, offers a good example of this setup. The company chips in by paying the salaries of a full-time sports director and four assistants. The rest of the money comes from the company coffee bar and vending machines.

Vending machines, in fact, are a major source of revenue for many company sports programs. One employee-run athletic association, at Prudential Insurance Co., has a monthly take of no less than \$700 from the coin machines.

• **How They Rank**—Despite its popularity as our national sport, baseball does not rank high as an organized sport, ex-

cept in the South. That's because of a marked trend away from the body-contact sports, which mean injuries and absenteeism—as well as pressure from irate wives who complain about the time their husbands spend at the ball park.

Bowling has the big lead in the industrial-sports field. Almost anyone can learn how to bowl and it doesn't cost much money. It's a big-time sport at many plants: There are 12 alleys in Goodyear Tire & Rubber Co.'s \$2.5-million recreation hall; Allis-Chalmers Mfg. Co. has 26 leagues with 16 teams each.

Golf is probably the fastest growing company sport. Reasons: shorter working hours and more loose cash. Firestone Tire & Rubber Co. has an employees-only, 18-hole course that pays for itself; General Electric Co.'s Lamp Dept. at Nela Park in Cleveland has 20 company golf teams going this year.

Softball is now about second to bowling in popularity, particularly in the Midwest. For instance, Briggs Mfg. Co., Detroit, has 100 softball teams, one of which won the world's amateur softball title last year.

• **Tally-Ho**—But there's still room left over from the better known sports for some idiosyncrasy. Take Indianapolis' P. R. Mallory & Co., Inc., which sponsors a duplicate-bridge league as well as a fox-hunting club that tallied 16 brushes last year. Or Milwaukee's Harnischfeger Corp., which has a dart-throwing league. Said one happy winner of Harnischfeger's tournament, "I lived to wait until I was 67 before I won a trophy for anything."

How Much Capital Spending?

It will probably turn down from here on in. But Commerce survey finds there is enough deferred buying around to keep it well above the \$16-billion for "normal" replacements and growth.

For the past three years, business expenditures on new plants and equipment have been one of the biggest forces in the postwar boom.

Now capital expenditures are turning down. And the big question for businessmen and economists alike is: "How far down?"

• **Solace**—Sitters on the anxious bench could take a good deal of comfort this week from a study just published in the *Survey of Current Business* by S. Morris Livingston, one of the top-flight economists of the Dept. of Commerce. Livingston's conclusions boil down to something like this:

Record-breaking purchases of new equipment during the past three years have made a real dent in the backlog of demand. From here on, the purchases probably will be slowing down. But the shortages that built up during the war and the depression still haven't been wiped out. Hence, average purchases for several years should be "well above those necessary for normal replacements and growth."

• **Growth Curve**—Livingston starts his analysis by fitting a long-term growth curve to private expenditures for producers' durable equipment over the past 80 years. On this basis, he figures that an annual rate of growth of about 3% is normal for the present time. Livingston's curves suggest that a "normal" expenditure right now would be about \$16-billion. In the first quarter of 1949 expenditures were actually running at an annual rate of \$22-billion.

• **Backlog Elements**—Livingston concludes from this that business came out of the war with a huge backlog of deferred demand for equipment. This backlog was made up of two elements:

(1) Deferred growth—machinery and equipment that hadn't been produced because of the depression and the war.

(2) Deferred replacement—over-age or obsolete machines that would have been scrapped if business could have bought new equipment to replace them.

• **Breakdown**—To determine just how deeply postwar production has cut into this backlog, Livingston breaks down the demand for equipment into several groups. Here are his conclusions:

Passenger cars for business. They represent about 14% of all business spending for new equipment. In current statistics, though, it is impossible to sort out cars bought for business purposes from those bought for family use. For the total passenger-car market, postwar

output has just about wiped out the backlog of deferred growth, but there is still a big backlog of deferred replacement. This should keep demand well above normal (2.5-million to 3-million a year) for several years more.

Motor trucks. Normal growth and replacement would give a demand for about 600,000 units a year—against purchases last year of about 1-million. There isn't much deferred growth left, but deferred replacements are still large.

Tractors. Normal growth and normal replacement provide a demand for about 300,000 units a year now. And demand will rise rapidly as mechanization of agriculture spreads. By 1952, the norm will be close to 400,000. Meanwhile, there is still some backlog of deferred growth. And replacement demand should increase rapidly.

Railway equipment. The long-term trend in freight-car ownership is down, instead of up. And the recent drop in railroad traffic has taken the urgency out of the demand for new rolling stock. In other words, the backlog is practically gone. The number of locomotives in service also is shrinking; but the switch

from steam to diesel power has created a big backlog of replacement demand.

Electric utility equipment. The industry will need 4-million kw. to 5-million kw. of additional capacity a year to take care of normal growth alone. Besides that, it needs extra capacity to eliminate overloading and provide a reserve. For the next three years, the utilities are planning to install about 6-million kw. a year.

Telephone equipment. Postwar expansion still hasn't caught up with the backlog of deferred growth. The backlog could make up the difference between 1948 outlays and normal growth and replacement for another year or so. After that, the rate of expansion should drop.

• **Conclusion**—Adding everything up, Livingston concludes that the most urgent part of the backlog of postwar demand has been satisfied. But he still sees enough deferred-replacement demand to keep purchases well above the growth line for the next several years.

The hitch, of course, is that replacement demand is something that business can postpone more or less indefinitely. Hence, there could be a big drop in actual buying of new equipment, even though the potential demand stays high. Livingston's analysis doesn't rule out this sort of break in the capital-goods market. It simply shows that the demand for new equipment won't dry up automatically if the business picture remains fairly good.



It's Really Not So Bad, Hubert . . .

That's what John L. Lewis (left) could have been saying as he offered mock condolences to Hubert H. Howard, spokesman for Illinois soft-coal mine operators, after a Lewis bargaining proposal. Lewis suggested a tem-

porary three-day work week to cut production, "stabilize" prices and profits, and spread jobs. In return, Lewis offered to keep the mines open during bargaining. Operators later rejected the Lewis plan.

Why the Treasury Will Borrow in Next Fiscal Year

	Cash Deficit for Fiscal 1950 (in billions)
Difference between President's January estimate of federal revenues and current prospects	\$2.0
Veterans insurance refunds	2.8
Possible increase in cost of G.I. educational benefits as unemployment sends veterans back to school4
Possible increase in amount of crop loans over January estimates	1.5
Possible increase in amount of unemployment insurance payments over January estimates (assuming 4-million to 4.5-million unemployed) ..	1.0
Increase in postal deficit over January estimates (because of Congress' refusal to jack rates up July 1)2
Portion of arms-for-Europe program to be paid for in fiscal 1950 (if enacted)6
Total potential cash deficit	8.5

Deficit Financing Ahead

Treasury may have to raise around \$8.5-billion of new money from the public in fiscal year beginning this week. Prospect is that it will sell short-term securities to commercial banks.

This week the federal government started a new fiscal year—one that is obviously going to be a deficit year.

In the coming 12 months, this fact is sure to complicate life for the Treasury, the Federal Reserve Board, and the nation's lending institutions. Reason: The deficit that now seems certain will start the Treasury borrowing "new money" for the first time since the war's end. That, in turn, may affect how much business will have to pay to borrow money.

• **Surpluses Gone**—For the past three years, Treasury Secretary John Snyder has been paying off the federal debt out of boom-time surpluses. Now, with the government getting deeper into the red every day, he has to borrow to pay U. S. bills.

How much Snyder will have to raise depends on:

- (1) What the current business slide will do to revenues;
- (2) How much a recession will increase farm and welfare payments; and
- (3) What Congress will do about taxes, arms for Europe; how much it will pare government expenses.

A fairly conservative estimate of the amount to be borrowed from the public is something like \$8.5-billion (table, above). Of course, if Congress doesn't act on Snyder's requests for broad-

ened Social Security, the Treasury won't need quite so much cash. Indeed, the total to be borrowed could be about \$1-billion less. That's the cost of proposed additional benefits.

• **Paradox**—Whatever the total, it doesn't mean the government is living that much beyond its income. It doesn't even foreshadow an \$8.5-billion increase in the public debt.

The explanation of this paradox lies in the fact that the government operates on two budgets. And to arrive at the amounts to be borrowed, you have to delve into both:

THE ADMINISTRATIVE BUDGET is the set of proposals for taxing and spending submitted by the President to Congress in January. It is an estimate of how much money the government will take in, how much it will pay out. Money held in trust for, say, Social Security payments, isn't figured because it doesn't belong to the government.

THE CASH BUDGET represents a forecast of the amount of money government collects from all sources—social security premiums, bonds, and taxes—or pays out for all purposes.

• **Tax Outlook**—For fiscal 1950, the administrative budget envisions spending of \$42-billion. Congress may reduce

this some—but not very much, over-all. There were hopes that \$41-billion of this could be collected through customs duties and income, excise, and inheritance taxes. But, now that business activity is slackening, it looks as if \$39-billion is all government will get. That would leave a deficit in the administrative budget of about \$3-billion.

Of course, this deficit could be even greater—if spending goes up. If farm payments rise, and if more veterans than expected go back to school under the G.I. program, the deficit could go as high as \$5.7-billion.

• **Till Money**—The government will probably start fiscal 1950 with \$3-billion in the till. That's about the minimum figure that Treasury officials like to have on hand to be sure they can keep the wheels turning. So if they have to make any payments not financed by taxes, they will borrow the money to do it.

A \$5.7-billion deficit in the administrative budget would be just such an unfinanced payment. But there are others.

• **Why Cash Is Needed**—Back in January, the President figured that unemployment insurance payments would come to about \$1.1-billion in fiscal 1950. But now it looks as if the number of unemployed will be higher than expected—by one or two million; so the government will need about \$1-billion more in cash.

The government is merely the trustee for this insurance money. Like any trustee, the U. S. salts the cash away in investments—in this case, special U. S. government bonds.

But repayments to the owners have to be made in cash—not bonds. So the government has to raise money—to finance the budget deficit as well as the refunds—by borrowing from the public. And it's this borrowing from the public that raises problems for the Treasury, FRB, and the commercial lenders.

• **Borrowing Problem**—First of all, the Treasury has to decide what kind of securities it should sell, to whom, and at what rates of interest. Its decisions can mean the difference between inflation and deflation, between easy loans and tight credit.

Naturally, in a time of business uncertainty, the Treasury leans toward an inflationary, easy-money policy. So you can expect it to raise most of the cash it needs by selling short-term securities—90-day bills or one-year certificates—to commercial lenders.

One advantage: It is cheaper that way; short-terms cost the Treasury $\frac{1}{2}$ % to 1% interest, while long-term bonds take as much as 2%. Another advantage: Short-terms keep banks and, say, insurance companies, highly liquid. That means the lenders stay in shape to make loans to business if business

conditions and businessmen require them.

But the sale of more bills and notes is going to make already scarce long-term bonds seem even scarcer. That could send prices up, yields down. Conceivably, the Treasury could use this opportunity to borrow at rates based on the depressed bond yields. This, in turn, would depress the rate of interest that banks would earn on loans. And, while that could be an antideflationary factor, it would certainly make things tough for the lenders.

But a cut in government interest rates doesn't seem likely. The Treasury has been working for some time now to

jack up the rates with a view toward stabilizing the market for its bonds.

• **One Prospect**—So you are likely to see the Federal Reserve banks keep on selling government bonds from their own portfolios—despite their statement this week indicating they would let market prices firm up. Open-market sales ease the bond supply; so they could be used to keep long-term prices—and yields—at roughly current levels.

The prevailing opinion around Washington is that the Federal Reserve will sell as many bonds as it must to keep prices at or below 103-105—in effect maintaining a ceiling where recently it was supporting a floor.

Less Regulation for Gas Lines

Supreme Court rules that pipeline operators can sell their natural-gas production facilities without an O.K. from FPC. Regulation of independent producers ruled out.

Users of natural gas will probably pay more for their fuel soon. These are two causes: (1) a Supreme Court decision last week in a case brought by the Federal Power Commission against Panhandle Eastern Pipe Line Co.; and (2) a decision by the Senate Commerce Committee not to make at this time any significant changes in the natural-gas act.

• **The Commodity-Value Problem**—The basic problem involves the price that the pipeline companies get for the gas they produce themselves from wells they lease or own. This amounts to about 42% of all gas carried interstate (according to 1947 figures). The rest of the gas the pipeline companies buy from independent producers.

FPC has no control over the price of the independents' gas. This price, determined by supply and demand, is known in the industry as the "commodity value" of natural gas. The pipeline boys think they should be able to get commodity value for the gas they produce, too. But FPC does have control over this gas because it is produced by interstate companies—and FPC says no. Instead, it limits the price on the basis of the well-known utility rate-making formula of original cost. (That is, the commission allows the pipeline company a "fair" rate of return on original cost of facilities, including gas-producing facilities.)

So the pipelines carry two kinds of gas: gas the companies produce themselves, and gas they purchase. FPC has had to let the carriers charge consumers higher prices for the purchased gas. This setup has played hob with pipeline accounting. And it has led to almost in-explainable differentials in the price of gas to different consumers—depending

on what pipeline served them and what gas the lines carried.

• **Way Out**—When the Republican 80th Congress refused to write commodity value into the natural-gas act, several pipeline companies decided that the only way out was to dispose of their producing facilities.

Panhandle took the lead. Last September, it set up the Hugoton Production Co.; turned over to the new company its leases on 97,000 acres of gas fields. It also gave Hugoton \$675,000 in cash. In return, Panhandle received all of Hugoton's common stock, which it proposed to distribute to its own stockholders—to insure that Hugoton would be permanently independent.

• **Injunction Asked**—At this point, FPC stepped in; it asked that the deal be enjoined until it could make an investigation to make sure the transfer would not impair Panhandle's ability to meet the commitments of its far-flung transmission system.

A lower court turned down the injunction request. And the Supreme Court, by 5-to-3, upheld the lower court. It held that the production facilities were now under the control of a bona fide independent (FPC admitted that), and that FPC, therefore, had no authority to delay the deal. The majority partly advised the commission to ask Congress for power to control gas-supply transfers, if it saw a need for such authority.

• **Barriers Down**—One result of the decision is, apparently, to remove all barriers to sales or transfers of gas-producing facilities by pipeline companies. And it is thought likely in the industry that many companies will now follow Panhandle's lead.

As more and more gas thus moves

into the unregulated class, the price will go up. But the boosts should be slight. Less than half of the total interstate supply is involved. And the well-head price of gas makes up less than 10% of the total cost to domestic consumers, only about one-third of the delivered price of industrial gas (delivered in the East and Midwest in 1947).

• **Uncertainty Removed**—Another result of the decision: There is no longer any possibility that FPC can regulate the price of gas produced by independents. The philosophy of the majority of the commission has been that all property of a regulated pipeline company is involved in interstate commerce.

This reasoning, the industry has feared, could lead to the conclusion that effective regulation requires control over all factors involved in the pricing of pipeline gas—including gas bought from independents for interstate transmission. The decision removes any chance of that—and leaves the pipeline companies without the support of the independents' in their running battle with FPC.

Chevrolet Will Offer Dynaflo-Type Drive

Chevrolet will definitely offer an automatic transmission on its 1950 models, as optional equipment. The drive will be an adaptation of Buick's Dynaflo. But it will sell for a lot less than Dynaflo. Reason: Basic parts are being stamped out of aluminum (much as Packard has done with its Ultramatic) instead of being precision-cast from steel.

• **Problem?**—Auto engineers hear that Chevrolet ran into a knotty problem when it first tried to use the automatic transmission. The problem, according to the grapevine, was that the Chevrolet engine was too light to hook up with the drive mechanism. One suggested solution, according to these same reports: Use the heavier Chevrolet truck engines with the optional drive. Chevrolet isn't talking about these rumors one way or the other.

• **Hydra-Matic on Lincoln**—Meanwhile, General Motors' other automatic transmission—Oldsmobile's Hydra-Matic—was offered last week as optional equipment on Lincolns, made by the Ford Motor Co. This carries to the retail level a deal that was arranged between G.M. and Ford this spring (BW—Mar. 19'49, p20).

• **And on Nash**—Another non-G.M. car will blossom out with Hydra-Matic within the next few months. G.M. has closed a deal with Nash-Kelvinator Corp. for use of the transmission on the Nash.



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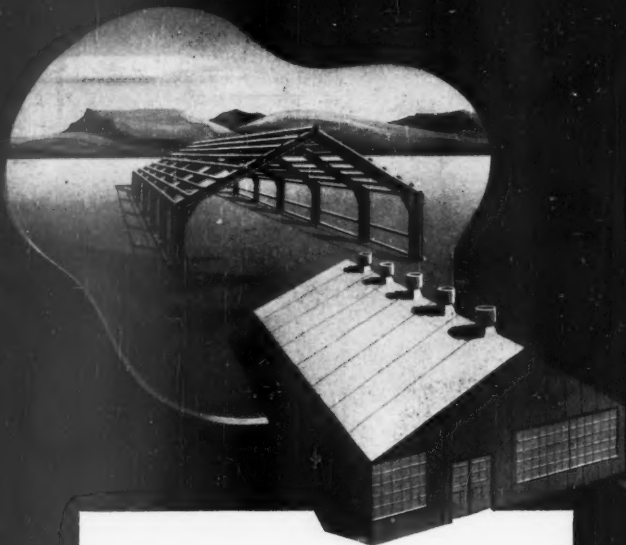
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BUSINESS BRIEFS

Arrow shirt sales next week are due to Cluett, Peabody Co.'s overproduction of striped, patterned, colored, and sport shirts for the spring trade. Cluett's 8,000 retail accounts will offer \$3.65 shirts for \$1.95, those priced up to \$5.95 for \$2.45. This doesn't affect Arrow white-shirt lines.

Sale of cars and trucks at the factory during the first five months of 1949 has been beaten only twice in U. S. history (1929 and 1941). The five-month total—2.4-million—bettered last year's figure by 17%.

Schine Circuit, Inc., will have to sell theaters and sites in 39 towns as the result of an antitrust consent decree. And there will be a lid on the number of feature films it can bid on. That's aimed to strengthen competition in Schine towns.

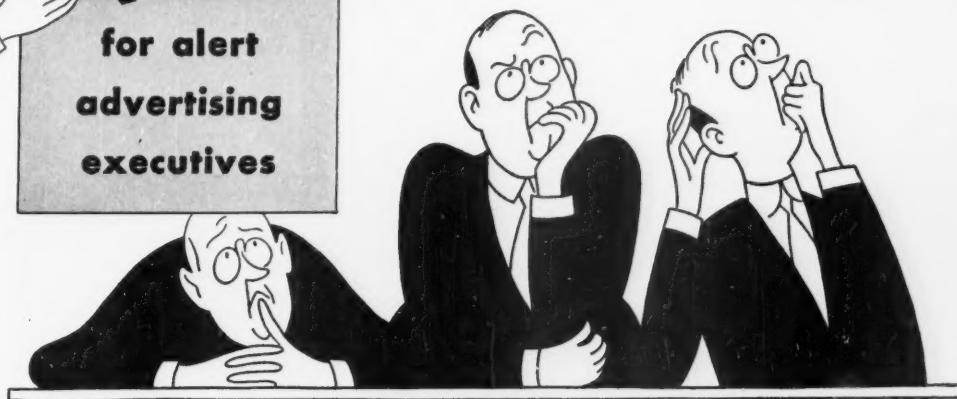
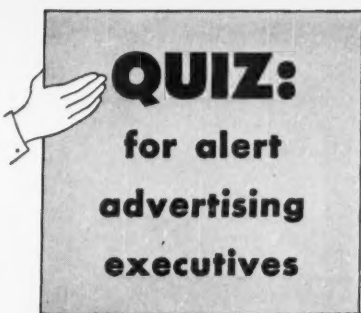
Gas pipeline has been started to link Carthage Hydrocol's Brownsville (Tex.) synthetic-gasoline plant (BW-Jun.25 '49,p91) with the San Salvador gas fields. The whole \$26-million plant will be completed about Jan. 1, 1950.

A new Chicago industrial area—in Calumet—would result if ICC approves the Rock Island R.R.'s plan to purchase the 19-mile Pullman R.R. from Pullman, Inc. The Rock Island also wants to buy 360 acres of adjacent Pullman land for an industrial district.

Television expansion is costing the networks so much that they're laying off employees to cut costs. CBS has started to dismiss 150 people. ABC has already fired 85 to 100; NBC, about 80.

Lone Star Steel Co. has been turned down on its request for a \$74-million RFC loan. However, RFC may O.K. a loan for half that if Lone Star raises the rest privately. The steel company wants the money to make its Daingerfield (Tex.) pig-iron plant—bought from the government on a shoestring (BW-Nov. 8'47,p46)—into the largest integrated steel producer in the Southwest.

Minnesota truckers with more than 10 customers are now classified by the state as common carriers. New ruling is aimed at truckers that have come under the less rigorous requirements applying to contract carriers, even though they serve hundreds of customers.



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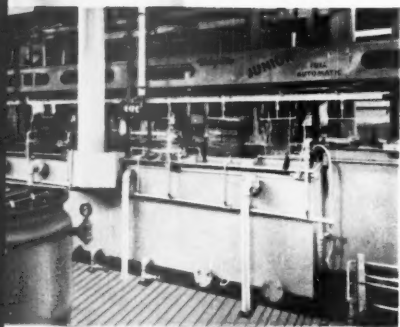
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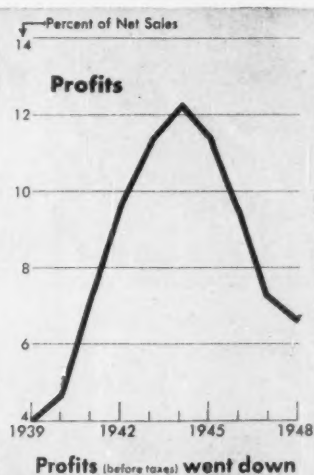
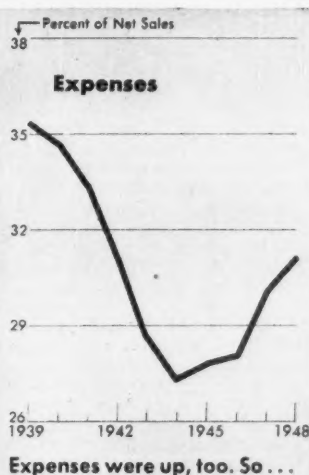
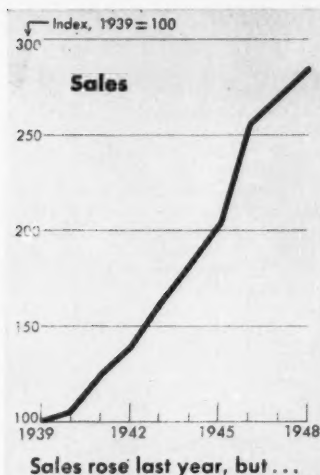
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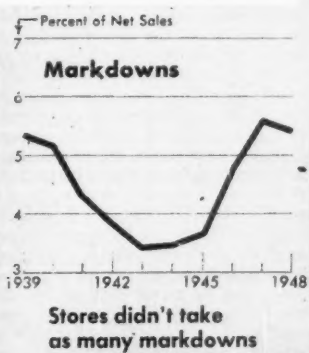
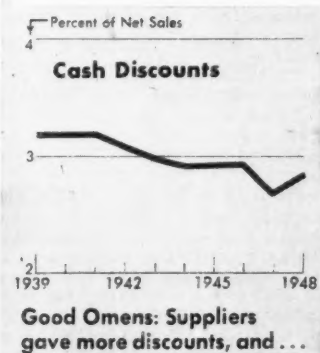


THE
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MARKETING



Department Store Profits Point Down



They slid again in 1948. And if recent forecasts are correct, they will drop another 30% before the year is out.

Skippers on the stormy sea of retailing never stop looking for light-houses—or anything else that will show them where they're going. Last week the merchant captains had their glasses trained on two venerable course markers that had just heaved into sight.

• **What They Were**—One was the 29th annual bulletin on "Operating Results of Department and Specialty Stores," Malcolm P. McNair, professor of marketing at Harvard's Graduate School of Business Administration is the author.

The other was an analysis of last year's department- and specialty-store business—with a slender forecast for this year's trade—published by the Controllers' Congress of the National Retail Dry Goods Assn. The study is the Congress' 24th consecutive survey; it was written by its general manager, John J. Cavanaugh.

Here's the course the two set for the rest of the year:

McNair sees lower prices in department stores this fall—with sales off 8% to 10% dollarwise, compared with 1948.

Cavanaugh forecasts dollar sales off only about 6%, with an increase in unit turnover. But he also sees department-

Data: Harvard University, London—Business Administration.

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3,151 REASONS

WHY WABASH CAN PROMISE YOU SUPERIOR FREIGHT SERVICE

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store profits anywhere from 20% to 35% below 1948's earnings.

• **Look Ahead—With Caution**—Mainly, the Harvard and N.R.D.G.A. reports are concerned with what happened last year. And last year's results were against a background of rising sales. The 351 stores included in the Harvard report, for instance, gained 5.2% dollarwise in 1948 over the preceding year. This year, however, department-store sales are running 4% behind 1948. That means you've got to be careful in doing any 1949 soothsaying based on 1948 figures.

• **Trends That Stay**—You can pretty well bet, though, that some trends are going to continue. Basement sales, for example, gained 10% in dollar volume last year over 1947. The main store gained only 4%, according to the N.R.D.G.A. report. A lot of the basement gain came about because consumers were trading down. In the face of a sales dip, you can expect trading down to become intensified.

Best performer among the various departments last year was women's ready-to-wear. Women's and misses' coats led the parade in this category with a main-store dollar gain of 27%. Other ready-to-wear categories followed close behind; basement coats and suits scored a 22% increase over 1947.

It was in menswear, though, that the basement department really showed its sales superiority. Menswear downstairs picked up 10%. In the main store, it posted a 1% loss.

• **Furs Fail**—Furs made the worst showing of all the departments in the N.R.D.G.A. report. They dipped 26% below the previous year. Even the N.R.D.G.A., which blames the excise tax for a lot of things, has to admit that it wasn't just the tax that slowed fur sales. "Much advertised sales of tax-free low-end furs" couldn't keep the total from slipping badly.

• **Hard Goods, Too**—Durable consumer goods in department stores took a thumping, too, but not so severe as furs. Radio and phonograph sales sagged about 13%; major appliances slid 5%. In these fields, the department stores lagged far behind other appliance retailers. Sales by these other appliance dealers brought up the total (which included the department stores' returns) to a gain of 10.6% in dollar volume.

These losses, while important, aren't so frightening to the department stores as you might expect. Radios, phonographs, and major appliances account for only about 9% of the typical department store's annual volume. Women's apparel and accessories, on the other hand, ring up about 36% of the dollars that go into the store's cash registers.

• **Cause**—Some merchants blame Regulation W and high price tags on major

appliances for the slump. Yet department stores did a big business in expensive television sets. A more likely reason is this: Department store sales of major appliances during 1948 were measured against an extraordinary 1947—which had posted a 68% dollar gain over 1946. Besides, department stores can't chisel on fair-trade prices so easily as the hole-in-the-wall appliance retailer can. This inability to grant discounts probably diverted a lot of trade from the big stores.

• **Expense Climb**—Plenty of department store operators are wondering if another trend is going to continue—rising expense. Last year, according to Harvard's McNair, expenses climbed from 30.1% of sales to 31.1%.

Payroll increase was the biggest factor in the expense rise for the big stores. In 1947 payroll accounted for 16.65% of sales—up from a low of 14.85% in 1944. Last year it hit 17.2% of a bigger sales volume.

This increase in expense meant that it cost department stores 11¢ more to make a sale in 1948 than it did in 1947. Every time one salesperson completed a transaction in 1948, it cost the store \$1.40.

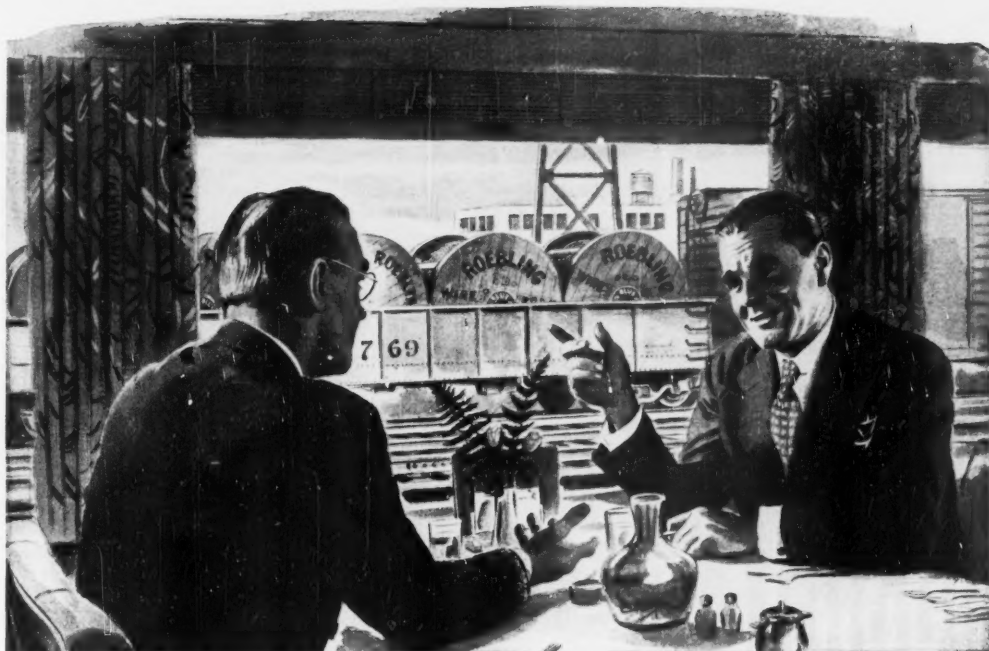
But, though sales costs rose last year, the size of each sale was bigger (\$4.70 as compared with \$4.48 in 1947). Sales per employee, including both selling and nonselling people, climbed from \$11.972 to \$12.776. The number of transactions per employee held steady, but net sales per manhour worked rose from \$6.07 to \$6.38.

• **Gloom and Cheer**—On the gloomier side of the picture, the rate of stock turnover, which reached a high of 5.4 times a year in 1945, was down to 4.6 last year. That's a decrease of 0.25 times a year from the 1947 figure. Returns and allowances—the money you have to give back to a customer when he isn't satisfied—climbed from 9.45% of sales in 1947 to 10.1% last year.

A cheerier note is the fact that mark-downs accounted for only 5.45% of sales last year, as against 5.65% the year before. That's not much of a drop; but it's significant that it's not an increase.

Cash discounts from suppliers also looked a little better. They rose from 2.7% of sales in 1947 to 2.85% in 1948. Prewar the figure was about 3.2%; last year's upturn was the first in a decade (BW—Nov. 13 '48, p. 78).

• **Profits Drop**—All in all, though, the expense gains outweighed the sales gains. That meant that profits before taxes dipped for the fourth year in a row. They dropped from 7.3% of sales in 1947 to 6.7% in 1948. But after federal taxes, the stores still netted 4.2% of sales as profits—the third best showing they have made in the last ten years.



“ROEBLING saved your life?”

“YES, SIR, we were facing a shut-down on our biggest contract—couldn’t get 5/32-inch spring steel wire. Finally I called Roebling and they gave us a rush shipment that was a lifesaver and enabled us to make delivery on time. Funny thing, too, since switching to Roebling oil-tempered spring wire, production is up and rejects are way down.”

☆☆☆

At its four big plants in and near Trenton, New Jersey, Roebling makes a widely diversified line of wires and wire products of high importance in every branch of industry. Many of these products feature exclusive Roebling developments, constructions and special metals that bring radically new performance and service economy.

ELECTRICAL WIRE—CABLE—MAGNET WIRE. Whatever the transmission, distribution or service requirement, there’s the *right* electrical wire or cable in Roebling’s line of more than 60 standard types . . . Roevar Magnet Wire is unmatched for high speed winding; its insulation 10 to 40 times tougher than other insulation.

WIRE ROPE. Roebling made the first wire rope in America and has always led in producing types to meet changing and more exacting needs. Roebling Preformed “Blue Center” Wire Rope is an outstanding specification for ease of handling, smooth operation and long life on the job.

ROUND—FLAT—SHAPED—WIRE. Roebling high carbon wire is a high quality product and dependably uniform in gauge, grain structure and finish. In a vast number of plants, Roebling wires have reduced

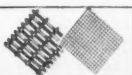
machine stoppages and rejects . . . effected substantial savings in production costs.

WOVEN WIRE FABRICS. Roebling’s line of industrial screens runs the full gamut from large, rugged Aggregate types to the most finely woven Filter Cloths. Roeflat construction greatly prolongs screen working life . . . wires made of special steels and alloys minimize screen losses due to corrosion.

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Have us give you full information about the Roebling products that might cut costs and improve *your* operations. Contact your nearest Roebling branch office. John A. Roebling’s Sons Company, Trenton 2, N. J.

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ROEBLING



MOSINEE

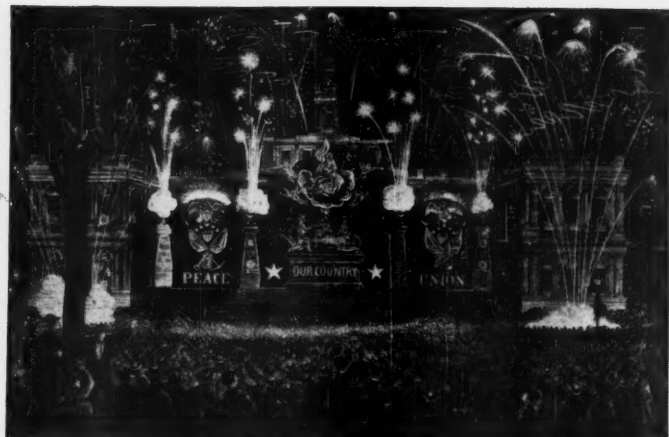
"More than Paper"



MOSINEE doesn't count its achievements in terms of big volume records. More important to MOSINEE is the help our paperologists and facilities provide in solving our customers' product problems. MOSINEE quality-controls assure dependable uniformity to producers of many engineered products. If you have a fabricating or processing problem involving paper, call a MOSINEE technician. Please write Dept. BW.

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FIREWORKS DISPLAYS, like this 1859 Fourth of July, are getting more popular as...

Fireworks Go Commercial

With laws banning or limiting public sale of fireworks in many states, makers turn to public displays, advertising displays, and other markets. They aren't doing badly at it, either.

Paradox: Public sale of fireworks is banned or limited in 33 states—yet this week, as the Fourth of July fireworks season rolled around again, fireworks manufacturers reported booming business.

Paradox? Not if you know the story behind those facts. All that the fireworks makers have done is to go out aggressively after those markets that are still completely legal.

There are six of these outlets:

Public displays. When properly supervised, public fireworks exhibitions are legal in all 48 states. So the makers offer "packaged" shows to such exhibitors as amusement parks, state fairs, municipalities. "Packaged" means that the manufacturer supplies police and fire-department permits, pyrotechnicians to set off the display, and insurance against public liability.

This is the market that's paying off best. Some of these pyrotechnic displays run into big money. The usual 15-minute display comes to about \$500. But if you want something really spectacular—the American Flag, Niagara Falls, the Spirit of '76—the cost may run to many times that.

Advertising displays. These are usually worked into a regular public display. They use the regular mortar shells, rockets, and flares—all suitably tied together by an advertising message. The advertiser pays for the whole show; the amusement park or fair management gets it for nothing.

Pains Fireworks Display Co. (subsidi-

ary of Unexcelled Fireworks Mfg. Co., which claims some 65% of the market for domestic fireworks) went into the business of making advertising displays about two years ago. Its first customer was Pepsi-Cola Co.; the soft-drink maker paid \$1,500 for a full-color reproduction of its bottle cap. Other fiery advertisers: Schaefer's beer (a burning hand holding up a smoldering glass of beer); Maxwell House coffee; Camel cigarettes.

Military uses. The armed forces are big customers. They use fireworks to simulate battle conditions* for training; they also buy a lot of flares and other illuminating devices.

During the war, of course, the industry devoted all of its capacity to war production: colored flares; smoke signals; shells; jellied-gasoline bombs.

Industrial uses. There are many places where pyrotechnic products come in handy in industry. For instance: Smoke candles are used to trace currents in refrigeration equipment, to spot leaks in boilers, to check fume-proof truck cabs.

Hollywood. The moving-picture industry buys some fireworks for proper atmosphere in war pictures.

The "free" states. There are 21 states that ban sales of fireworks entirely. Another 12, and the District of Columbia, limit sale to comparatively harmless types, such as sparklers. And 15 states have no restrictions at all.

The manufacturers devote a lot of effort around this time of year to promo-

Study fuel costs at long range...

then power your plant with B&O Bituminous Coals



Power plant design and operation present few problems to an industrial engineer. But, truly economical performance rests on *added knowledge*—of reserves and availability of fuels—of their cost relationships and combustion characteristics.

In planning the operation of your power plant, study the value of bituminous. Check production cost at the mines. Look at delivered cost of Btu's. Study how carefully the coal you order is sized and cleaned so that waste is avoided. Check availability of continuous supply in normal times and in emergencies. Find out if reserves are

extensive enough to assure future supply.

In the coals produced on the Baltimore & Ohio, you'll find the right answers to low-cost, long-range supply. Whether you need high-, medium-, or low-volatile coals, they're here in abundance. *Ask our man!* He shall be glad to supply technical help on every phase of coal production, preparation, distribution, and utilization.

**BITUMINOUS COALS FOR EVERY PURPOSE
—FROM MODERN MINES**

LIKE
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BALTIMORE & OHIO RAILROAD

Constantly doing things—better!

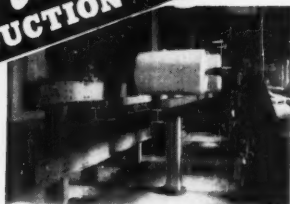


Platform Lift

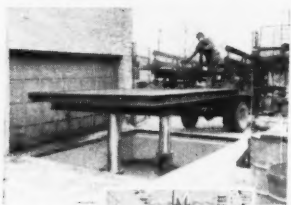
WAYNE INDUSTRIAL HOISTS

Cut Handling Costs
INCREASE PRODUCTION

"**BETTER** materials handling offers industry its biggest opportunity to cut production costs and to increase productivity," says **Factory Management and Maintenance**, which devoted forty-seven pages in January to this subject. Let Wayne engineers help you design the proper equipment to assure better handling of material in your plant. There's a Wayne Hydraulic Hoist for every requirement. Write today for more information.



Hoisting Newspaper Rolls



Two Post
Loading
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INVESTIGATE *Now!*

THE WAYNE PUMP COMPANY

501 Tecumseh St., Fort Wayne 4, Indiana

Please send folder and other information on Wayne Industrial Hoists. I am interested in _____

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tion of "safe and sane" fireworks in states in the last two groups.

All in all, the fireworks companies still manage to do pretty well, despite the unfavorable state laws. C. B. Waller, president of Unexcelled, reports that his company's sales are 10% to 15% ahead of last year. C. B. Backes, president of M. Backes & Sons, Inc. (which claims 25% of the market for domestic fireworks), says his sales are 10% ahead of 1948, and almost double prewar sales.

• **How Laws Started**—Legislation against the use of home fireworks grew out of the large number of lives lost every year celebrating the Fourth of July (plus Christmas in the South, and the Chinese New Year on the Pacific Coast). In fact, more people were killed celebrating the Revolutionary War between 1900 and 1930 than were killed fighting in it. Since the antifireworks laws went into effect, however, the figure has been pared way down.

The big fireworks makers say they welcome the state regulations that take dangerous fireworks off the market. Back in 1900, according to one old-timer, you could buy a 14-inch salute filled with a half-pound of explosive. Now the Interstate Commerce Commission limits the amount of explosive to 12 grains, regardless of the length of the firework.

MARKETING BRIEFS

A showplane is Colonial Airline's answer to New Haven R.R.'s showtrain (BW—Jun. 18'49, p. 70). Once every two weeks, Colonial is getting theatergoers from Albany, N. Y., to a Broadway show, a nightclub, and putting them up at a hotel. Total charge: \$22.

Jewelry Research Foundation, New York, will do research jobs, advise on economic problems of the jewelry industry. Beardsley Ruml, formerly chairman of R. H. Macy, heads the foundation.

New Mexico has hiked its gasoline tax from 5¢ a gal. to 7¢. His moves it into the higher-bracket tax group for motor fuel. Florida, Kentucky, and Tennessee motorists pay 7¢, Louisiana collects 9¢ a gal.

Whisky prices were slashed as much as 20% on leading brands in Michigan last week. One good reason: Sales of the State Liquor Control Commission for the week ended June 10 were 54,307 cases, lowest since July, 1947.

Slow sales are making Goodall Co., Cincinnati (subsidiary of Goodall-Sanford, Inc., Sanford, Me.), slice \$9 off retail prices on men's and boys' Palm Beach suits, jackets, and pants.



Sunglasses plated with stainless steel—a recent commercial application of high vacuum. Used by Bausch & Lomb Optical Co. for RAY-BAN Gradient Density sunglasses, it works wonders in killing glare, relieving eye strain and fatigue, and improving vision.



Easy on the Eyes with High Vacuum

● During the war, planes jockeyed to attack out of the sun — battleships maneuvered to get the sun at their backs. The sun glare impairing vision, and accuracy of optical instruments made them a poor target for the enemy.

Counter strategy developed telescopic sights, range finders, and aerial cameras whose lenses were coated under high vacuum with transparent fluoride salts. Thus treated lens surfaces were less reflective, more light was admitted, instruments could work better against the sun.

Improving aviators' sunglasses presented a different problem. Here the same high-vacuum process was used, but the coating must

serve to *cut down* passage of light through the lens. Experiments disclosed stainless steel as the ideal material.

The process has been adopted for commercial use. At Bausch & Lomb, in the chamber of a DPI high-vacuum coater, metallic vapor of stainless steel is deposited in a scientifically controlled "gradient" pattern of density and area. These stainless steel coated sunglasses are now available at optometrists.

This is but one of many applications of high vacuum in science and industry to make improved products at lower cost.

Do you know what high-vacuum distillation, dehydration or fusion may do to improve your products—to decrease processing costs, or to salvage waste materials into valuable commodities? DPI research men and engineers may be able to tell you. Write

DISTILLATION PRODUCTS, INC.

739 RIDGE ROAD WEST, ROCHESTER 13, N. Y.

Distillers of Oil-Soluble Vitamins and Other Concentrates for Science and Industry; Manufacturers of High-Vacuum Equipment



Only 4 Men on His Payroll—

**BUT JAMES RAYMOND HAS OVER 1,000 SCIENTISTS
AND TECHNICIANS WORKING FOR HIM—
ASSURING HIM QUALITY PRODUCTS—BUILDING
YOUR CONFIDENCE IN HIM!**



COMPLETE research facilities are only a part of the great *Flying Red Horse* team that contributes to the success of James Raymond and 46,000 Mobilgas dealers and jobbers like him.

The high quality of the products you buy...the low price you pay...the very things that create opportunity and build business for these thousands of independent businessmen...are results of integrated operation like this:

- ...Socony-Vacuum geologists constantly prospecting for new oil reserves
- ...1,000 scientists and technicians finding new ways to raise quality, lower cost
- ...a fleet of fast tankers carrying oil from *field* to *refinery* to *dealer* to *you*
- ...the efficient, co-ordinated hook-up of oil fields, pipelines, refineries, bulk plants, distribution facilities—*making shortcuts and savings all down the line!*

**1,400 INDEPENDENT J
RELY ON THE F**

JAMES RAYMOND
*Raymond's Service Station
 Stamford, Conn.*

ARTHUR RAYMOND

GEORGE SCHNEIDER

GORDON MURDOCK

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That's the kind of *competitive efficiency* that helps James Raymond to build his own successful business—that gives him the advantage of *bigness* right in his own home town.

That's the kind of teamwork that makes possible a *big money's-worth* for you—at a small profit per gallon for us!

SOCONY-VACUUM

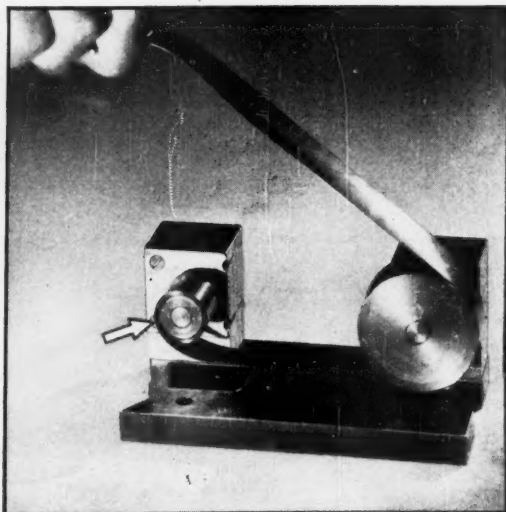
**ENT JOBBERS — 45,000 INDEPENDENT DEALERS —
 THE FLYING RED HORSE FOR WHAT YOU WANT!**

SOCONY-VACUUM OIL CO., INC., and Affiliates: MAGNOLIA PETROLEUM CO., GENERAL PETROLEUM CORP.

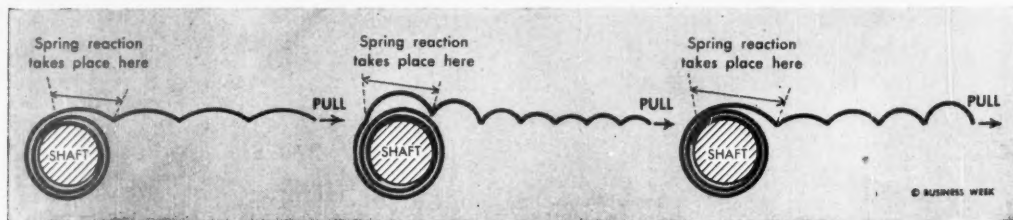
PRODUCTION



POP-UP TOASTER with new type of spring has smooth, uniform action. Trick mechanisms aren't needed because . . .



NEW SPRING developed by Hunter Spring Co. has controlled action, operates around corners, can be made many ways . . .



AS YOU PULL this spring out it resists with the same force all the time—the effect you get with a rope and counterweight

AS YOU PULL this spring out the resistance increases the farther you pull—the same way an ordinary spring works

AS YOU PULL this spring out, the resistance gets weaker the farther you pull—which is a negative spring action

Negative Spring: New Tool for Engineers

There's one trouble with a spring. The more you compress it or extend it the harder it resists. That's a fundamental property—Hooke's Law that every high school student learns.

• **Negative Springs**—But at times this can make it tough for the engineer or designer. There are plenty of places where he wants the resistance to remain constant—or even to decrease—as deflection increases. He has to use counterweights, levers, or other complicated apparatus. A so-called “negative spring” would do the trick, but until this week the negative spring had looked like an impossibility.

That's why the Negator (pronounced Nég-ator), announced this week in *Product Engineering*, a McGraw-Hill publication, is worth a close look. This

spring, worked out by the Hunter Spring Co., of Lansdale, Pa., can be pre-stressed in manufacture in such a way that the designer is able to get just about whatever resistance he wants, at each point, as the spring is pulled out.

• **Many Uses**—The Negator is going to be a big help in a lot of industries, because springs—although tiny devices—do important jobs in many products. They're used in toasters, door-closing mechanisms, electrical devices, typewriters, automobiles, complicated mechanical actuating and electronic systems, and telephone equipment, in one way or another. A new spring development, then, can have an important industrial impact.

The kind of thing an engineer gets into in designing springs can be illus-

trated by your pop-up toaster. You naturally want the toast to move up smoothly and uniformly—not to be thrust up like a cork from a popgun. So the engineer has to dream up complicated weight and lever systems, or use extra-long and limber springs, to get the uniform characteristics he's after. The new development eliminates all that. Indeed, it can cut out all the folderol of dashpots, weights, cams, and levers in many devices. Translated industrially, that means spring-loaded products will operate more precisely, be less complicated to produce.

• **Pre-stressing**—Hunter's Negator came into being when general manager W. J. Cook—an oldtimer with the company—was working on an idea for pre-stressing standard flat spiral springs. The Hunter

Apparatus Division built a pilot machine to do it. Several tightly coiled pre-stressed springs were produced. But then these coils showed such unusual characteristics that Cook felt he had found something hot. Stress analyses proved he had.

Pre-stressing is the secret of the new spring. What that produces is a coil spring that has been pre-stressed at each point along its entire length; if cut into pieces, each piece would be a little arch, each with its own natural curvature (diagrams). Actually, the spring looks straight. Because the turns lie tightly on each other, the coil is solid.

• **Small Sections**—As with any spring, force must be exerted to straighten out the pre-stressed coil. And spring resistance opposes that force—but with this difference in the negative spring: The resistance occurs only in that small section of the spring being straightened out as it comes off the coil. Once straightened, each section locks in a flat position the way a steel-tape extension ruler becomes stiff when it's pulled out. In an ordinary spring, on the other hand, you're fighting against the whole coil, a fight that gets tougher the farther you pull.

The curvature of each little section of the spring is roughly proportional to the pre-stress stored in each. In other words, the sharper the arch, the higher than pre-stress. If the pre-stress is uniform all along the line, you will get uniform resistance as you uncoil the spring. Or, if the pre-stress is high at the lead end, the resistance will ease up as the spring unwinds.

• **Tailored**—With that basic idea, Hunter's spring experts can build a spring to the exact prescription of the engineers. They can make it (1) exert uniform resistance all along its length (that's what engineers call a flat gradient); (2) act tougher as it's pulled out, as in a regular spring (positive gradient); (3) resist strongly at first, then ease up (negative gradient). Combinations of gradients are also possible.

The new spring is already edging into several fields of use, in addition to the obvious application as a spring. These include: (1) clamping devices, clips, or wrappings (for example, to hold insulation on pipes); (2) automatic coiling devices; and (3) telescopic tube forms.

For example, it can replace screw-clamp devices. A simple means: let the two ends coil freely, then pressure between the opposed coils will hold the clamped object. The pressure between the coils will be constant regardless of the thickness of the object held, if the coil is uniformly pre-stressed. Possible applications: industrial clamps to hold work during brazing or processing, bookends, display holders.

• **Advantages**—Advantages of the new development include: (1) tailored char-



Here's how to quiet office noise

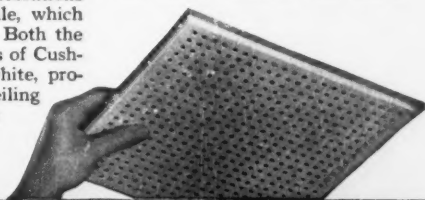
Armstrong's Cushiontone® installed on the ceiling of your office will stop distracting noise. This attractive acoustical material absorbs up to 75% of all the noise that strikes its surface—keeps it from bouncing around the room and hampering workers' concentration.

Cushiontone's high efficiency comes from the 484 perforations in each 12" square tile, which act as traps for noise. Both the face and beveled edges of Cushiontone are painted white, providing an attractive ceiling finish and, at the same time, unusually high

light reflection. Repainting won't affect Cushiontone's efficiency.

Cushiontone ceilings are surprisingly low in cost—and quickly installed. Why not ask your local Armstrong acoustical contractor for a free estimate?

WRITE FOR FREE BOOKLET, entitled "What to do about Office Noise," Armstrong Cork Company, 4907 Walnut Street, Lancaster, Pennsylvania.

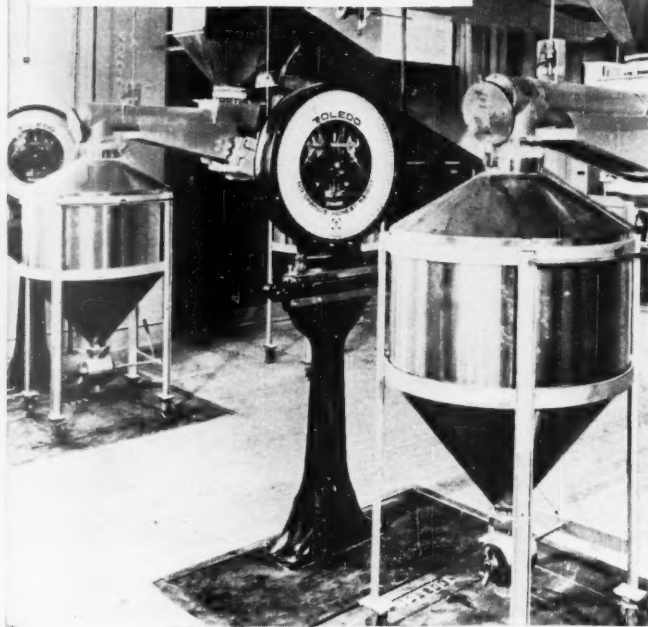


ARMSTRONG'S CUSHIONTONE



Made by the Makers of Armstrong's Linoleum and Asphalt Tile

TOLEDOS *Guard Accuracy* for BROMO-SELTZER



Accurate batching... automatically controlled by Toledo Scales... helps to maintain unvarying quality in production of Bromo-Seltzer at the Emerson Drug Company, Baltimore, Md.

Shown here is part of the efficient production system of this plant. The dry, granular processed salt is fed to the bins by a belt operating in a stainless steel housing. The material is weighed into the portable hoppers shown on the scale platforms... with Toledo automatic controls cutting off the filling operation at precisely the desired weight.

Control your costs and quality with TOLEDO all the way... in weighing, counting, force-measuring, batching or testing. Send for new bulletin No.

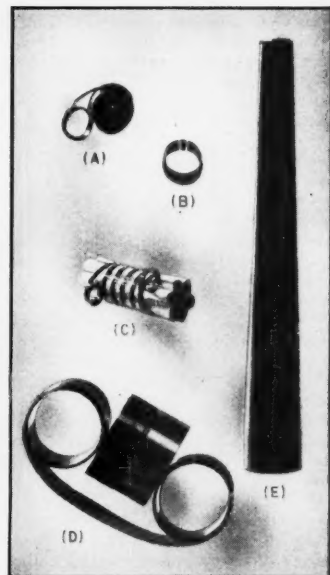


2020. Toledo Scale Company, Toledo 12, Ohio.

Toledo Service as near as your telephone... with factory-trained service men in more than 200 cities of United States and Canada.

TOLEDO

HEADQUARTERS FOR SCALES



TRICK USES: (A) a self-winding tape; (B) a clip; (C) tight-gripping wrapper; (D) clamps that hold with uniform force; or (E) rigid telescoping tubes

acteristics; (2) deflections up to 30 or 50 times the original dimension of the unloaded spring; (3) ability to act around pulleys, corners, or at angles; and (4) capacity to store and deliver about twice as much energy as an ordinary spiral or power spring taking up the same space.

Hunter now has patents pending on the development. The company plans to manufacture the springs at its own plants, to order.

INDOOR AIR STRIP

A vest-pocket landing strip for the laboratory will soon tell Air Force engineers at Wright Field, Dayton, Ohio, what happens to the tires of a high-speed plane when it lands.

The miniature runway is actually a steel flywheel, 7 ft. in diameter. Developed by Adamson United Co., Akron, Ohio, it is powered by a 150-hp. electric motor.

In test operations, the apparatus reverses normal flight conditions. The aircraft's tires remain stationary, while the "landing strip" spins along at speeds up to 250 m.p.h. When tire meets flywheel the effect is that of an actual landing.

All types of landing conditions can be duplicated with the flywheel-motor combination. Slowing the wheel simulates applying the brakes. Varying the current fed to the driving motor compensates for factors like wind resistance, which slows down landing speed.

IBM'S ELECTRONIC BRAIN KEEPS A COOL HEAD ON ITS SHOULDERS

TALK ABOUT LIGHTNING CALCULATORS! INTERNATIONAL BUSINESS MACHINES CORPORATION HAS AN ELECTRONIC CALCULATOR THAT DOES 50 MULTIPLICATIONS A SECOND OF 14 DIGIT NUMBERS! ARITHMETIC, ALGEBRA, CALCULUS - IT SOLVES PROBLEMS IN SECONDS THAT MIGHT OTHERWISE TAKE WEEKS.



$$B(m,n) = \frac{r(mr(m))}{r(m+n)}$$

$$[V \times E] + \frac{1}{\epsilon} \frac{\delta B}{\delta t} = 0$$

$$\int_a^b \phi_i \phi_j d\phi = \delta_{ij}$$

$$(A \cup B)' = A' \cap B'$$

BEHIND THE PANEL ARE 12,500 ELECTRONIC TUBES AND 21,400 RELAYS. THEY WOULD GET PLENTY HOT-WITH ALL THAT HEAVY THINKING - IF IT WEREN'T FOR THE **WORTHINGTON** AIR CONDITIONING.



WORTHINGTON IS IDEAL FOR THIS JOB BECAUSE **WORTHINGTON** MAKES ... NOT JUST ASSEMBLES... ALL THE VITAL INNARDS OF AIR CONDITIONING SYSTEMS.* THAT MEANS PERFECT CONTROL, LESS MAINTENANCE, LONGER LIFE.



THEN PROBABLY **WORTHINGTON** IS BEST FOR MY BUSINESS, TOO. I'M GLAD **WORTHINGTON** MAKES A SMALL PACKAGE UNIT. MAYBE IT'LL HELP US TURN OUT BETTER FIGURES... PROFIT FIGURES, THAT IS.



*Worthington makes more of the vital components—compressors, condensers, engines, turbines, pumps—for completely engineered systems or unit conditioners, than any other manufacturer. And its over-50-year experience in manufacturing air-conditioning and refrigeration equipment is balanced by the engineering experience of selected distributors. Locate the one nearest you in Classified Telephone Book and find out why *there's more worth in Worthington*. Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N. J.

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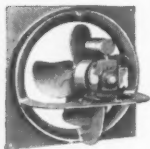


AIR CONDITIONING AND REFRIGERATION

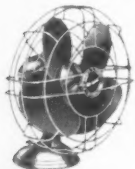
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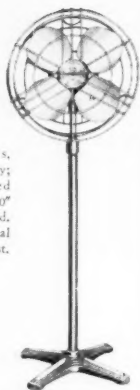


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BIG BREEZE in office or factory. Polished aluminum blades. Column adjustable between 5 and 8 feet from floor to center of fan. 24" and 30" quiet blades. Ceiling, floor, wall, or bench mounting. R & M Air Circulator, from \$97.50, list.

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A New Shortcut to Bedrock

Seismograph unit tells construction engineers type of ground they are building on, cuts surveying costs.

Finding out what lies below ground surface is a tough—and expensive—job for a building contractor. But he has to do it—or he'll lose his shirt.

• **Drilling**—The usual way to determine depth of bedrock and composition of foundation ground has been to combine spot drilling with educated guesswork on what lies between the drill holes. But a new method of continuous surveying—using seismographic principles—cuts costs and takes some of the guesswork out.

• **On Seismographs**—Seismographs have been used for a long time for earthquake study. They have helped locate mineral deposits and petroleum pools. A conversion unit of one of these oilfield jobs has even been used experimentally for highway-bed surveying in New England. But only recently has there been seismographic equipment that could be handled easily and applied to general heavy construction; and few engineers know anything about using it.

Now a consulting geological engineering firm in Michigan, has run tests at Detroit of a new portable refraction seismograph built by Century Geophysical Corp., Tulsa, Okla. The firm is Wesley, Bedford & Stickel, which handles construction as well as mining and petroleum work. The new Century equipment provides the data needed for a complete profile of ground composition.

• **How It Works**—The seismograph works this way: A small charge of dynamite is placed about five ft. below the surface of the ground. Several sensitive detecting units are set at intervals on the surface in a straight line away from the charge. These units are electrically connected to the master seismograph.

When the charge is set off, it sends out shock waves through the ground. The detecting units transmit impulses back to the main unit, which records them on a strip of photographic paper. A daylight developer processes the strip on the spot; impulses from each detector are recorded as lines against a background calibrated in hundredths of seconds.

Shock waves travel at different speeds through different types of materials. So, by reading on the graph the length of time it took impulses to reach the detectors, geological engineers can find out the nature of ground material and the distance to bedrock.



PORTABLE SEISMOGRAPH, in back of truck, will ride to building site to "drill" for engineers

But it still takes an experienced geological engineer to interpret the time figures in terms of bedrock, gravel, and sand.

• **Advantages**—W.B.&S. people estimate that seismological surveying can eliminate as much as 95% of all spot drilling. In fact, they believe that an occasional drilling will be necessary only to double-check seismograph equipment. Combining the two methods practically cuts out the guessing. And that means greater safety, the firm says.

The use of the seismograph means lower costs to heavy-construction people. That's because (1) drilling is nearly three times more expensive than seismography, and (2) drilling takes longer.

TEST RUBBER-SLAG ROADS

Ohio state-highway engineers are making comparative tests with natural and synthetic rubber road surfaces with an eye on cutting down skid hazards.

They surfaced strips of Route 18 with three different mixtures of powdered rubber and finely ground common slag. Synthetic rubber furnished by Goodyear Tire & Rubber Co. was used as a standard for the test. Natural rubber and reclaimed rubber went into the other two strips.

The material spread on the highway ($\frac{1}{2}$ to 1 in. thick) forms a slightly abrasive surface. Engineers think tests will show that this is just rough enough to

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allow cars to stop suddenly without skidding.

The pavement first got an asphalt emulsion treatment so the mixtures would stick better. Then a truck equipped with an automatic spreader laid the compound on the test section. A tractor followed up, dragging a piece of wire fencing to smooth out the freshly laid surface.

This was the first time engineers had tested rubber and slag for skidproof experiments. The mixture: 12 lb. of rubber powder with each batch of slag.

Adding the rubber, researchers believe, also helps seal out moisture from the pavement foundation. This reduces the tendency to expand and crack in winter, increases the life of the road.

Ohio isn't the only state that has made such experiments. Rubber Development Bureau of Washington, D. C., has tried the same thing in Virginia and Texas. The Dutch Rubber Foundation has lent a hand in the work (BW-Apr. 23'49,p42).

TV LIFESAVER

Television has already made it possible for engineers to watch close up how rocket engines work without getting burned (BW-Nov.29'47,p51). Now it's helping workers to deactivate wartime bombs and shells at long range so that no one gets blown sky high in the process.

The Army Ordnance Dept. first tried rigging up an arrangement of mirrors. Workmen could then work with remote controlled tools in safety from behind barricades and see what they were doing. But mirrors were not quite adequate for so touchy a job.

The Army next tried Remington Rand's Vericon television system. It was compact and portable, didn't need technicians to handle the equipment in operation.

Now the system is in use at seven Ordnance Dept. disassembly plants, and six more are on order. Ordnance experts think they may use Vericon for testing chemicals, aircraft engines, and armor plate.

PACIFIC TIMBER STUDY

As much as 40% of the Pacific Northwest's timber is wasted in manufacture.

This high loss percentage has spurred a survey aimed at cutting the waste and increasing secondary manufacture of timber. The Pacific Northwest regional offices of the Federal Bureau of Land Management and the Oregon State Forest Products Laboratory at Oregon State College, Corvallis, are the joint sponsors of the study.

The survey has been started at Grays Harbor in Washington, where "cut-and-

get-out" practices left the land stripped, and the area short on income. From there, it will move to Coos Bay, Roseburg, Klamath Falls, Medford, and other Oregon communities similarly dependent on lumber.

Goal of the survey is to see if pulp, plywood, furniture, molasses, yeast, charcoal, alcohol, and similar byproducts can supplement the primary processing of timber. Integration of the by-product output of smaller mills into one secondary manufacturing operation will be one of the goals.

PRODUCTION BRIEFS

Longer life for industrial batteries will result from improved lead-casting techniques and grid-design principles, says Gould Storage Battery Corp. Porosity of lead electrodes is reduced by 90%.

Foaming oil slows down oil circulation and reduces the lubricating efficiency of internal-combustion engines. Now Stanford University and the National Advisory Committee for Aeronautics have jointly developed a method for defoaming oil by passing it through a column of activated charcoal.

Diesel-electric locomotives for heavy-duty switching are on the production line at Lima-Hamilton Corp. They mark the company's debut in the diesel-electric field.

Tables of standard threads for screws, bolts, and nuts have been published by the American Society of Mechanical Engineers. These are the standards agreed upon by the English-speaking nations last year (BW-Dec.4'48,p50). The society's address: 29 W. 39th St., New York 18.

Explosiveness of food and mineral dusts can be demonstrated in a small, portable unit developed by the Bureau of Mines. It's meant for research and demonstration by engineers, inspectors, and safety personnel.

Stainless-steel wire is the sole product of a new mill built by American Steel & Wire Co. at Waukegan, Ill. Its present capacity of 500 tons a month can be boosted with the addition of only a little more equipment.

System for predicting different behaviors of various fuel gases supplied to consumers' stove burners has been developed by the Bureau of Mines. Suppliers can then adjust pressure and mixture of gases to give unvarying service to customers.

"It's our E-M check, mother—ON TIME as always!"



How E-M's dependable claim service provides security that assures "life as usual" for countless families . . .

Today, and every day, many men and women will await the postman's coming with full confidence that their E-M insurance check will arrive "on time as always"! For Employers Mutuals consider it a vital obligation to be not only fair and cheerful in making payment of claims—but *prompt* as well!

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hold the Employers Mutuals tradition of "handling policyholders' insurance affairs as policyholders would like them handled."

Prompt, equitable claim settlement is typical of the many superior services of these seasoned mutual companies. Workmen's Compensation policyholders, for example, share in such skilled, humanitarian services as accident prevention, rehabilitation, disease control, safety engineering, industrial nursing and first-aid programs. Employer-policyholders, workers and their families *all* stand to benefit from these services . . . benefits are reflected in better management-worker relations and improved morale—and in premium savings!



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NEW PRODUCTS



Plastic Pastry-Aid

The traditional rolling pin now comes in modern dress. Magnus Harmonica Corp. makes a dough roller entirely of Bakelite styrene plastic.

Eight small rollers of smooth, non-porous plastic give the cook more rolling area than a single large roller, and they travel faster over the dough. Consequently, the dough doesn't stick. The increased rolling action and the non-porous rollers combine to flatten the dough uniformly, leave no lumps and holes.

The roller comes in a variety of colors, costs about the same as the conventional rolling pin. The manufacturer's address: 439 Frelinghuysen Ave., Newark, N. J.

• Availability: immediate.

Smooth Tape-Splicer

For splicing 4-in. magnetic recording tape, Prestosol Mfg. Corp. has a machine which, it says, leaves the tape as good as new. When you play back the spliced section, you hear no "bloops" in the recording.

To make the splice, the machine uses a combination of electrically produced heat and precise pressure. A plastic weld holds the diagonally cut splice together. There's no added thickness, and no tape is lost. The magnetic properties of the tape aren't affected.

The tape is slid into the machine, which does the splicing job automatically. The self-timed operation takes from 4 to 5 seconds, with another 5

seconds to allow the tape to cool off after the splice. Every splice will withstand a pull of 3 lb. or more.

Radio and recording companies that use the splicing machine don't have to re-record editing and splicing, Prestosol says. In the film field, the machine permits the most critical synchronization of tape sound-track with the film. The manufacturer is at 3801 Queens Blvd., Long Island City, New York.

• Availability: immediate.

Two-Side Copier

If you want to microfilm both sides at once of an office form or letter, you may be interested in the Duplex Camera-Printer, a product of Diebold Co., Canton, Ohio.

The machine will process 18,000 check-size documents an hour. You can also equip it with an attachment to put a company endorsement on a check. The printer uses either 16-mm. or 35-mm. film; it can be changed from one to the other in a matter of seconds.

Cards and sheets are fed manually into the printer, one at a time. When two pieces stick and try to run through together, the machine automatically stops. Material that has been crumpled or torn is straightened out and goes through the machine as quickly as fresh material.

Another Diebold model, the Triple-Purpose Camera, handles material up to 42 in. wide; it is especially suited to blueprint work. The machine can microfilm 400 pieces of 42-in. copy an hour, which the company says, is a record for size and speed.

• Availability: five months.

Plastics-Molder

Jackson & Church Co., Saginaw, Mich., has a line of molding machines for the plastics industry.

The machines use a heat-jacketed screw to drive the material into the mold; the plastic is already in a fluid state when it reaches the molding gate. This cuts down on the amount of ram pressure you need to fill the mold. Cycling (the time taken for each molding operation) has also been speeded up: The machines are said to be 20% to 50% faster than previous models. For example, a polystyrene injection, containing 150 sq. in. of projected area and weighing 23 oz., is produced with a 180-ton clamp in a 30-sec. cycle.

Some rubber-molding operations can also be handled on the machines. Cold rubber, for instance, is brought up to temperatures of 250F to 275F in the feeding screw; then it is driven into the mold where it is brought up to the

required heat. With this technique, cycling is said to be cut from 20% to 35%.

The machines are also smaller than most units of comparable molding capacity. Present maximum capacity is 48 oz.

• Availability: immediate.



Fireproof Intercom

An electronic intercommunications system for plants with combustible atmospheres is a development of Executone, Inc. The system has Underwriters' Laboratories approval for operation in atmospheres containing gasoline, natural gas, lacquer, alcohols, benzene, naphtha, or acetone.

The important feature of the system is that it allows stations in hazardous locations to call other stations. Previously, because of switch sparks, safe-area stations were the only ones that could originate calls.

The person called on the system can answer from a distance without stopping work. A busy signal sounds when a station tries to originate a call while the system is already in use.

Any number of stations may be used in this intercom system. The basic equipment consists of an explosion-proof talking unit and switch box for each station in a hazardous location. An amplifier unit that controls the whole system is located in a nonhazardous area.

Each system is individually planned to meet the specific needs of the plant. The company address: 415 Lexington Ave., New York 17.

• Availability: immediate.

Lift for Overhead Jobs

Safway Hydro-Lift brings ceilings and overhead equipment in easy reach of maintenance men. The work tower can be elevated to heights ranging from 7

Why They Went to Oklahoma

with
WEIL-KALTER
it was

cut to our measure"



RICHARD K. WEIL*, President
Weil-Kalter Manufacturing Company

Says:

"As a result of the national demand for Artemis Lingerie, we needed increased production facilities. We selected Bristow, Oklahoma as a site for an additional plant because of these considerations: We wanted a central location with good rail and road connections. We wanted an adequate supply of intelligent labor capable of quality production. We found these in Oklahoma; also an outstanding spirit of cooperation by state and city officials, and the people of Bristow. Oklahoma was 'cut to our measure'. We moved into our new plant, April 30, 1949."

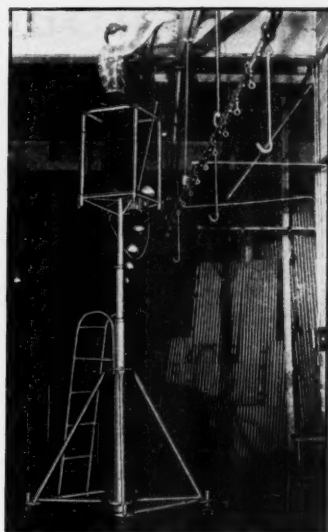
**Above statement a direct quotation
in Mr. Weil's own words.*



Oklahoma has many business advantages in addition to those which appealed to Weil-Kalter. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



OKLAHOMA
PLANNING and RESOURCES BOARD
STATE CAPITOL BUILDING
OKLAHOMA CITY, OKLAHOMA



ft. to 17 ft. Workmen on it can reach as high as 23 ft.

Long levers on the platform operate a hydraulic pump that raises the platform. To lower the platform, the worker turns a toggle control that gradually releases the hydraulic pressure.

When the platform is down to its lowest level, you can get to it by a tubular steel ladder with hand rails.

The lift stands on a broad, stable base 4 ft. square. To get to it through doors of average width, you telescope opposite side members of the base to 30 in. You can also lower the guard rail around the platform by pulling out the locking pins that hold it in place. That way you can get the lift through doors 7 ft. high.

Rubber-tired casters on the four corners of the base make the lift easy to move. Each caster has a safety brake that locks both wheel and swivel when the tower is in working position. The maker, Safway Steel Products, Inc., is at 6228 W. State St., Milwaukee 13. •Availability: immediate.

P. S.

Self-sealing tape, made of lustrous satin, is a product of Freyberg-Strauss, Inc., 419 Fourth Ave., New York. Tape is available in 15 different colors in 200-in. rolls. Company recommends it for decorative packaging and cloth repairing.

Kitchen ventilating fan works as a portable circulating fan or as a window-exhaust fan. You can fit it into a steel window panel that adjusts for window widths from 24 in. to 36½ in. The 10-in. fan has three wide-area Micarta plastic blades. Westinghouse Electric Corp., Springfield, Mass., is the maker.

GRINNELL PROTECTION COULD HAVE PREVENTED THIS



YOUR PLANT IS BURNED and there have been major casualties...how will you answer your conscience now?

How will you answer your conscience here?

QUESTION: *Beyond that door, gravely injured, lies a man who worked for you for years. Is it your fault he may never work again?*

YOU: Don't blame me! The fire was the fault of someone who carelessly dropped a match.

QUESTION: *Be honest, Was that fault as great as your own in not providing sure protection while there was time?*

YOU: But the building was "fire-proof". It was constructed of steel, brick and concrete.

QUESTION: *But you knew that its contents were not fireproof. While you were trusting to fate, you were putting lives as well as property in jeopardy ... needlessly. Isn't it strange that so*

many people never realize the true cost of fire until the time is too late?

FIVE FACTS YOU SHOULD KNOW BEFORE IT IS TOO LATE!

Aside from the all-importance of protecting human life, consider these facts: (1) two out of five burned-out businesses never come back, (2) burned-out records are lost forever, (3) insurance seldom suffices to replace property at today's high prices, (4) an indemnity check never buys back a lost customer, (5) after a major fire, skilled employees wander away, relocate, and seldom return.

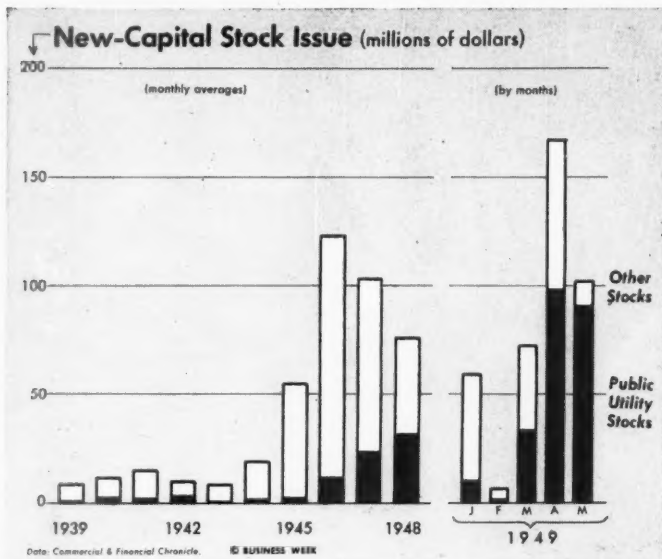
There is only one sure way you can control fire — whenever and wherever it strikes, without fail — by a

Grinnell Automatic Sprinkler System. A record of almost 100% infallibility throughout the years attests that Grinnell Protection by automatic sprinklers is the surest way. In addition, Grinnell Protection usually pays for itself in a few years through reduced insurance premiums. So, if your property is insured, you're paying for Grinnell Protection . . . *why not have it?* Grinnell Company, Inc., Providence, R.I. Branch Offices in principal cities.



GRINNELL
FIRE PROTECTION SYSTEMS

FINANCE



RISK CAPITAL for most stocks has made a relatively poor showing this year. But . . .

Utility Stocks Still Sell

New-money issues have brought the electric-power trade some \$300-million in first half of 1949. Second-half prospects look good—if other stocks don't gain enough to lure utility investors away.

The bloom that appeared this spring has not yet faded from the new-capital stock issues of the public utilities (BW—Apr. 16 '49, p94).

• **Achievement**—There are two indications that, for utilities, there is still a healthy market:

(1) Preferred and common stock offerings have brought the industry some \$300-million of much needed new capital in the six months which have just ended:

(2) Common-stock financing alone has brought in for the utilities close to \$200-million in new money in the same period.

How much of an achievement this represents is evident from comparison with earlier figures (chart). Sales of new-money utility equity issues all last year added up to only some \$377-million. In 1947, similar offerings brought in \$284-million of new capital; in 1946—the biggest new-issues year since the roaring 1920's—they brought \$143-million.

• **Common Stocks**—The common-stock picture looks especially good when you consider two factors: (1) the discour-

aging performance of the stock market generally; and (2) the much-publicized risk-capital shortage of postwar years (BW—Jun. 11 '49, p89).

Actually, with that near-\$200-million already rolled up from sales of new common, the trade has only some 40% to go in the last half of 1949 to bring its new capital from this source up to the \$350-million goal it had set earlier for this year.

Even these figures don't tell the complete story. More and more holding companies lately have been able to dispose of large blocks of long-held common stocks of subsidiary operating companies. In the first half of the year, the general public bought up \$75-million or so of already outstanding shares in such sales.

• **Good, If**—What's the outlook for new utility equities for the last half of 1949? Good, says a well informed segment of Wall Street's market analysts. But they wrap up their cheerful prediction in a few "ifs, ands, and buts."

The "good weather" forecasters frankly admit that they are basing their

view on this assumption: The unusually favorable combination of conditions which has aided the sale of utility common stocks so far this year will continue to prevail. All bets are off if these conditions show any marked change in the coming months.

The dopest are smart to hedge, for some special factors that have contributed a great deal to the success of the utilities' financing program may well lose their potency.

What are these helpful factors?

• **Stronghold**—A very important one has been the high regard that investors generally have for the well known recession-resistance of the electric-power industry (page 59).

Thus, its shares have always seemed a much more promising storm cellar than most other stock issues at times like the present, when industry and trade generally are in trouble. And among the recent buyers of the new utility equity issues there have been many who had for a long time pretty much ignored the utility stock group: investment trusts, fire and casualty insurance companies, educational institutions, and bank trust departments—in addition to many individual investors.

• **One If**—So it's possible that a lot of the recent buyers have been searching for a port in a threatening storm—through protective, temporary switching operations—and not for long-term investment holdings. It is interesting to note that many in the institutional group of purchasers are reported to be buying on a much smaller scale now than earlier this year.

Obviously, if nonutility stocks again show an inclination to climb much, many buyers now grabbing for utility commons would be just as quick to switch to more promising fields. Most Wall Streeters count that as one of the major "ifs" in the outlook for the last half of 1949.

• **Educated Marketing**—But the onrush of a new group of buyers isn't the only reason for the utility industry's success this year in its common-stock selling campaign. Part of the credit goes to the special, and skillful, sales effort that has backed many of the offerings. The merchandising has included long and costly "educational" programs directed primarily at the smaller dealers, as well as other innovations.

One brilliant example was the campaign of General Public Utilities Corp., when it recently divested itself of some 787,000 shares of New York State Electric & Gas Corp. common at a price of \$47 each. Another such instance was the sale, just completed, of over 1-million shares of "new money" common by Columbia Gas System at a price of \$10 each.

Neither of these was underwritten by investment houses in the usual fashion;

Instead, the houses participating in the deals were paid liberal fees for soliciting subscriptions to the offering. On the G.P.U. deal, 750 investment houses scattered throughout the country were given a chance to earn \$1.25 for each share of the stock they sold or caused to be subscribed by a G.P.U. shareholder. Commissions and dealer-manager fees paid out are reported to have totaled around \$740,000.

• **Good Yield**—Still a third factor enters the case. This year's offerings of utility equities have had the added lure of being baited with yields that have averaged well above 7%.

It's true such yields aren't up to the 8%-10% returns you can pick up on many a seasoned industrial or rail common these days. But if business generally falls off as much as many people expect, the utilities prospects make them much more attractive. For while the earnings of many nonutility lines have been sagging, or breaking sharply, of late, profits of the electric-power trade have been gradually moving upward under the soothing influence of (1) some rate increases; (2) downtrending fuel costs; and (3) the operation of new, more efficient, cost-saving generating equipment.

• **Payout Ratio**—What's more, investors are aware of one important factor in connection with earnings of the utility trade: Its payout ratio has always run consistently above that of industry generally. That has been particularly true lately. Last year, for example, the electric utility trade paid out some 70% of its earnings in dividends; this compares with the 39% paid out by all corporations.

The high yields it has to pay aren't making the industry particularly happy, especially when they recall the prices and yields at which they could sell new stock back in 1946. But there's nothing much the utilities can do about it if they want to sell additional common today. And there is an offsetting factor: the low interest rates at which the industry has been able to sell its bonds in recent years.

• **More Coming**—In any event, as long as conditions continue as favorable as they have been in recent months, there won't be a dearth of new issues. Many companies are doing pre-registration groundwork right now. Others appear to be in a position not far from the actual offering point.

It is quite possible, too, that in coming months more and more new equity issues will be offered to present stockholders first. Here's one important reason why: The recently relaxed Federal Reserve margin requirements for loans incurred by stockholders in exercising subscription rights to new stock make it possible now to borrow as much as 75% of the cost of such purchases.

Reddi-wip whipped cream dispenser with plastic valve stem and cap molded of Koppers Polystyrene 7. The valve stem is molded with a very small gate—almost a pin point. Valve assembly made by The Robinson Company for Reddi-wip, Inc., St. Louis. Plastic parts molded by Detroit Plastic Engineering.



200,000
Reddi-wip
parts a day

made on
a 20-second
molding cycle with

Koppers Polystyrene



• Women get a "bang" out of using this clever whipped cream dispenser. All they do is shake it up, press the plastic valve and out comes the whipped cream. There is no tiresome whipping . . . no dishes to wash . . . and no waste of whipped cream. What's left can be used some other day.

Sales of Reddi-wip cream have been tremendous. Six million of these cap assemblies have already been made. More are being produced by Detroit Plastic Engineering at a rate of 200,000 per day. The 20-second molding cycle obtained with Koppers Polystyrene 7 makes this high production possible. The molder is well pleased with this fast-flowing, fast-setting material and he gets a high percentage of perfect parts.

Other factors leading to the selection of Koppers Polystyrene were its freedom from taste and odor, unlimited choice of color and low cost. What's more, this same valve assembly can also be used for such things as ketchup, mustard, and other items.

If you want to speed up production, cut costs and make a better product, use Koppers Perfected Plastics.

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Storm Over the Long Island

Nassau County Transit Commission revives charges that the Pennsylvania R.R. is milking its subsidiary. The Pennsy retorts that the commissioners have misinterpreted the facts.

The unhappy, bankrupt Long Island R.R. is now the subject of another battle. In one corner: the Nassau County Transit Commission, a recently created, unpaid board whose job it is to look into that suburban county's transport facilities. In the other: the Pennsylvania Railroad, which controls the Long Island. This week it looked as if the Pennsylvania had won the first round.

• **Report**—The fight started last week when the Transit Commission reported to J. Russel Sprague, Nassau County Executive, that it thought the Pennsylvania was milking at least \$2-million a year from its subsidiary. It admitted that it might not have all the facts.

Long Island commuters have asserted for years that the Pennsylvania has been draining the assets of their rattletrap road. Last spring the N.Y. Public Service Commission considered such charges, and rejected them. Now the Transit Commission has backed up these assertions with specific charges about inter-railroad accounting and operating practices.

• **Charges**—Among the specific charges:

(1) Since 1926, the Long Island has been hired to float freight cars between the Pennsylvania's Greenville (N.J.) terminal and the L.I.R.R. tracks at Long Island City for 35¢ a ton. But the Pennsy never got less than 60¢ a ton from shippers for this service, now gets \$1.10.

(2) The Long Island has been grossly underpaid for the use of its tracks and services by the New York Connecting R.R., which connects, via Long Island, the freight traffic of the New York, New Haven, & Hartford R.R. and the Pennsylvania. The N.Y. Connecting is jointly owned by the Pennsy and the New Haven.

(3) The Pennsylvania leases the L.I.R.R.'s Wheelspur Yard in Long Island City to make up its trains. But on normal weekdays the Long Island has to run about 65 empty trains a day from Pennsylvania Station in New York all the way back to Jamaica on Long Island, because it can't use the Wheelspur Yard. That costs about \$1,500 a day, said the report.

• **Reply**—The Pennsylvania kept quiet for a few days. Then, this week, it came back at the Transit Commission with a Sunday punch. It declared that everything in the commission report was already on public record, and that the interpretations made by the commissioners were due to ignorance.

And it offered to cooperate with any further government probe made at government expense—provided that the study was made by "competent, experienced, and disinterested investigators."

• **Point by Point**—The Pennsy then answered the commission's charges. Among its answers:

(1) It is getting that \$1.10 a ton on only about 20% of freight floated between New Jersey and Long Island. The extra payment is limited to freight originating in "eastern territory." Further, this payment is not entirely for floatage service in New York Harbor, but is an extra payment, made to the Pennsylvania and the other eastern roads interchanging freight with the L.I.R.R., to repay them for their "heavy terminal expenses in performing relatively short-haul service." On all floated freight, the L.I.R.R. is making a profit of about 13% out of its 35¢-a-ton fee, said the Pennsy.

(2) Dickering is already going on, between the L.I.R.R. trustees on one hand and the Pennsy and New Haven on the other, to see if payments to the Long Island for use of its tracks by the N.Y. Connecting R.R. should be raised.

(3) Changing the present setup of the Wheelspur Yard would cost the Long Island more money than it would be worth.

Fire Insurance Cuts Stir New Opposition

Fire-insurance rate cuts are spreading. Last week Alabama announced it would wield the axe effective July 1.

Tennessee and Florida have already announced statewide cuts as of July 1 (BW—Jun. 18'49, p. 28). But in Tennessee the reductions have run into some solid opposition from the insurance companies. What annoys fire-insurance people is not the rate reductions themselves, but the way the Tennessee insurance department wants them put into effect.

• **Pro-Rata**—The state's order specified that when the companies canceled existing policies for new ones at new rates, they would have to close out the old policies on a pro-rata basis. That is, they would refund to policy-holders the amount of the premium that covered the unexpired term of the policy. For example, if the insured had paid a three-year premium and the policy was can-

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June 20, 1949

ceded on July 1 after it had run for six months, the company would have to refund five-sixths of the premium.

• **Companies' Stand**—Last week the companies brought their kicks about the pro-rata ruling to a formal hearing with state insurance officials. They pointed out that rating bureaus of all states allow companies to cancel existing policies on a "short rate" basis when rates are cut. That is, in canceling the old policy the company retains more than its pro-rata share of the premium. It returns a smaller amount to the policyholder, as provided by a "short-rate table."

The companies argue that this short-rate basis is justified by: (1) the expense they have incurred in putting the canceled policy on the books; and (2) the rate discounts they have paid to customers who took out policies that ran for more than one year.

State officials made no immediate decision after the hearing. But it's understood that the companies will appeal to state courts if the insurance department turns them down.

FINANCE BRIEFS

Cudahy Packing Co. directors have voted to suspend dividends on common shares "until conditions are such that payments can be made from profits without hazard to the company's financial structure or credit position." The dividend rate has been 15¢ quarterly.

Johns-Manville Corp. has registered 145,300 shares of new common. They will be offered to some executives and employees under a stock-purchase plan.

A new investment trust—Gas Industries Fund, Inc.—will hold only securities of companies identified with the gas industry. To get started it will sell 600,000 shares of \$1-par common at \$16.25 each.

Stickiest bond financing along Wall Street in some time was last week's public offering of \$50-million of Tennessee Gas Transmission Co. 3% mortgage bonds. The underwriters could get rid of only a fraction of the issue at the original offering price (100¼% of par). Current over-the-counter bid price: 99½.

American Locomotive Co. will retire all outstanding bank debt through a new 15-year \$15-million 3½% loan just obtained from Metropolitan Life.

A public offering of \$50-million of 25-year 3% debentures will be made by Joseph E. Seagram & Sons, Inc., to pay off bank debt.

Magic? No!



This Bird's Secret Is "Just Enough Water"

What makes the "dippy" bird work? "Just enough water" to cause alternate condensation and evaporation of the chemical within the bird so that his balance is shifted as he quenches his thirst and settles back on his perch.

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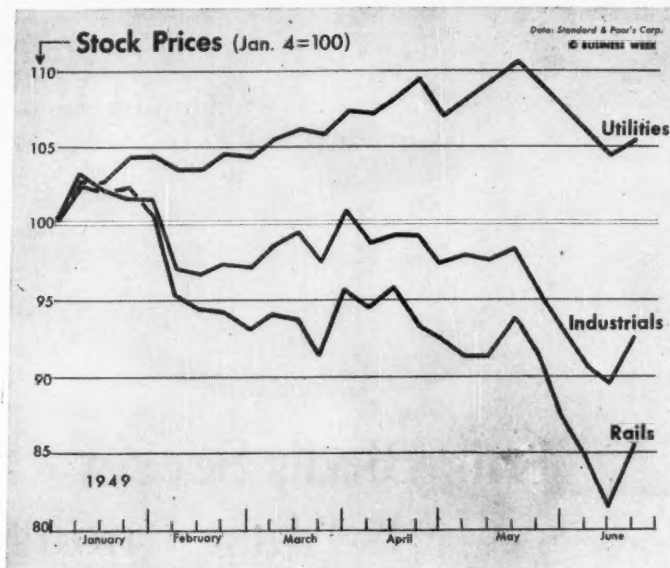
One-Question Quiz FOR BUSINESS WEEK "Quiz Kids"

QUESTION: Is there a place in your industry for the versatile, powerful, space, fuel and time saving Vapor Steam Generator?

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ANSWER: Business Week "quiz kids" can get the answer by writing Vapor Heating Corporation, outlining their problem or application. A Vapor engineer will call on you personally and make specific recommendations either for improvement or replacement of existing methods. Vapor Heating Corporation, 80 East Jackson Boulevard, Chicago 4, Illinois.

THE MARKETS



Which Way Stock Prices?

Utilities, at the top of the price chart, promise best showing if recession strikes. Railroads are in the worst jam now. Industrials muddle along—with good chances of going lower.

If you want Wall Street's opinion of how a recession will hit the different areas of U. S. business, take a look at the way the three main stock averages have been behaving since the beginning of this year.

• **Utilities Strongest**—According to the market's estimates, utilities will get off lightest. Rails will be hardest hit. The industrials will be somewhere between.

The utilities, in fact, have managed to work their way upward against the market for the better part of the past six months. It wasn't until mid-May that they turned down at all. And even now

the average still stands about 5% above where it was at the start of 1949.

• **Reasons**—One reason the utilities have held up so well is the popular idea that they are more or less recession-proof (page 52). But at least two other things have helped brace them up:

(1) The general confusion that followed the holding-company death sentence of 1935 has gradually straightened out through the years. Investors can buy now on the basis of underlying values without worrying about what will happen to their stock in divestment or reorganization proceedings.

(2) The utilities are one of the few remaining industries that still feel sure of a big growth in demand over the next few years (page 24). The electric-power companies now plan to install about 6-million kw. of additional capacity in each of the next three years.

• **Rails and Industrials**—Railroads, on the other hand, are already running into real trouble. Traffic has been slipping steadily. As a result, rail stock prices have been losing ground ever since the start of the year. They now stand about 15% under the January level.

Industrials so far have held up better

Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	136.8	137.6	138.3
Railroad	35.7	36.1	37.0
Utility	70.2	70.0	71.4
Bonds			
Industrial	98.0	98.7	99.0
Railroad	79.3	79.8	80.8
Utility	96.5	96.5	95.8

Data: Standard & Poor's Corp.

than you might think from the generally gloomy atmosphere in Wall Street. They have lost only 7% or so in the past six months. And you have to remember that business prospects have done a complete switch in that time. In January, most businessmen thought the boom was still going strong. Now even the optimists won't say that we have hit the bottom of the slump.

Most Wall Streeters think that both the industrials and rails are going to go still lower before anything they can call a real bull market gets under way. The market is taking its own sweet time about testing the lows it made early in June. But it hasn't shown any signs of a real rally. Traders figure that another test is in the making. And few of them are hopeful about the results.

The 1946-49 Bear Market Takes Its Toll

Stock group	Standard & Poor's Weekly Indexes (1935-39 = 100)		Recent Level	Index	
	1942-46 Bull Market			% of 1942-46 Bull Market	At Lowest Level Since
	Performance—Low	High		Gain Lost	
Baking, milling.....	56.1	177.0	151.2	21.3%	**
Finance companies.....	40.2	113.1	97.0	22.1	**
Office, business equipment.....	54.5	165.1	140.2	22.5	Dec. 1948
Confectionery.....	57.0	130.5	112.2	24.9	**
Utility holding companies.....	22.7	160.0	116.9	31.4	**
\$6, 10¢, \$1 chains.....	52.8	156.9	123.5	32.1	**
Shipping.....	149.9	459.7	359.6	32.3	Oct. 1946
Coal.....	84.3	*243.4	190.9	33.0	Jul. 1947
Soaps, vegetable oils.....	80.8	149.1	126.2	33.5	**
High-grade common stocks.....	60.8	135.5	108.7	35.9	May 1947
Chemicals.....	73.5	151.8	121.9	38.2	Sept. 1945
Oils.....	62.6	1202.1	148.4	38.5	June 1947
Tobacco products.....	45.2	105.1	81.7	39.1	**
Food chains.....	77.2	248.6	181.0	39.4	**
Mail order chains.....	62.1	241.1	162.8	43.7	June 1947
Paper.....	78.5	328.6	218.5	44.0	Sept. 1945
Dairy products.....	77.2	250.1	172.4	44.9	Aug. 1945
Shoes.....	63.1	144.7	106.9	46.3	Dec. 1948
All industrial stocks.....	62.4	163.2	115.6	47.2	Apr. 1945
Composite Index.....	60.8	188.6	110.7	49.0	Apr. 1948
Textiles, apparel.....	72.0	312.0	193.3	49.5	Aug. 1945
Fertilizers.....	75.8	305.4	188.3	51.0	Sept. 1945
Consumer-goods stocks.....	59.7	175.8	115.3	52.1	Jan. 1945
Metal containers.....	46.9	96.5	70.5	52.4	**
Agricultural machinery.....	60.4	160.5	108.0	52.4	Apr. 1944
Building materials.....	46.2	161.8	101.0	52.6	Apr. 1945
Capital-goods stocks.....	65.1	147.0	103.4	53.2	Apr. 1945
Department stores.....	50.6	345.8	178.6	56.6	Sept. 1945
Automobile.....	62.3	166.0	106.4	57.5	Feb. 1944
Utility operating companies.....	71.1	132.6	97.1	57.7	**
Soft drinks.....	52.3	188.4	108.9	58.4	May 1944
Radio broadcasting.....	35.4	224.1	112.9	58.9	Nov. 1947
Tires, rubber goods.....	52.3	307.4	157.0	59.0	Mar. 1944
Steel.....	68.5	159.5	104.6	60.3	Apr. 1945
Electrical equipment.....	57.4	133.3	87.3	60.6	Nov. 1946
Copper.....	68.3	147.1	99.0	61.0	Sept. 1945
Machinery.....	62.1	154.6	97.3	61.9	Sept. 1944
Shipbuilding.....	108.5	244.7	157.2	64.2	Sept. 1947
Household furnishings.....	49.8	169.9	89.2	67.2	Apr. 1944
Drugs, cosmetics.....	59.3	183.4	99.7	67.4	Jan. 1945
Telegraph, telephone.....	67.6	129.1	87.4	67.8	Feb. 1943
Distillers.....	66.2	638.8	249.9	67.9	Sept. 1945
Metal fabricating.....	55.4	178.2	92.5	69.8	Jun. 1944
Motion pictures.....	58.1	350.3	143.9	70.6	Apr. 1945
Auto parts, accessories.....	66.8	170.2	96.5	71.3	Dec. 1943
Printing, publishing.....	23.4	285.5	98.1	71.5	Jun. 1944
Lead, zinc.....	66.3	139.7	86.5	72.5	Sept. 1944
Railroads.....	58.4	168.8	87.0	74.1	Dec. 1943
Mining, smelting.....	56.2	113.0	70.3	75.2	Jan. 1945
Glass containers.....	70.3	162.9	92.4	76.1	Mar. 1944
Railroad equipment.....	55.0	153.5	74.8	79.9	Feb. 1943
Air transport.....	101.2	624.3	201.5	80.8	Feb. 1943
Meat packing.....	83.9	203.0	106.5	81.0	Mar. 1943
Sugar.....	63.5	151.3	79.7	81.5	Mar. 1943
Low-grade common stocks.....	59.6	315.7	102.4	83.3	Jun. 1944
Gold mining (U. S.).....	57.9	106.8	65.1	85.3	**
Aircraft manufacturing.....	92.8	183.1	96.8	95.6	Sept. 1944
Leather.....	62.0	221.9	58.9	101.9	Jun. 1948

Highs registered in: *1947; †1948. **Index was below recent level earlier this year.



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LABOR

Week's Developments in 4th-Round Bargaining

U.S. STEEL talks with its C.I.O. union recessed until next week, to give company time to draft a reply to union demands (BW—Jun. 25 '49, p96).

OTHER BASIC STEEL FIRMS and C.I.O. have recessed contract talks, to await outcome of Big Steel bargaining.

COAL miners are vacationing until July 5. At midweek, there was little to indicate real progress toward a new pact. Hard-coal contract talks are due to start shortly, with an Aug. 15 deadline set by John L. Lewis.

FORD MOTOR CO. and C.I.O.'s United Auto Workers have now outlined contract stands. They're poles apart, so union is asking Ford workers to authorize strike after their contract runs out July 15.

CHRYSLER CORP. and the auto union also have started bargaining—but the union now plans to soft-pedal Chrysler talks, keep emphasis on Ford.

WESTINGHOUSE ELECTRIC got a "package" demand of \$500 per man per year from C.I.O. electrical workers. Opening discussions took up marketing prospects and employment. Then talks recessed until next week.

GENERAL ELECTRIC CO. bargaining got off to the same sort of start. G.E. emphasized to the union that it intends to limit negotiations "solely to wages" this year.

INTERNATIONAL HARVESTER CO. began contract talks with Farm Equipment Workers (C.I.O.). Big issue: a 35-hour work week without any drop from 40-hour pay.

B. F. GOODRICH CO. and C.I.O. rubber workers broke off contract talks. Union says it will ask 17,000 Goodrich workers to authorize a strike Aug. 24—when present contract runs out.

FIRESTONE TIRE & RUBBER CO. and the rubber union will begin fourth-

round bargaining on Sept. 15. Union is asking a shorter work week, more pay.

SWIFT, CUDAHY, and ARMOUR contract expirations or reopenings are scheduled to come up between Aug. 11 and Aug. 15. Both A.F.L. and C.I.O. are involved.

SINCLAIR OIL CO. is first target of C.I.O. oil union in fourth round. Union wants a 36-hour week at 40-hour pay. Other contracts open up in July and August.

BETHLEHEM STEEL CO. Shipbuilding Division and C.I.O.'s shipbuilding union are deadlocked over union demand for shorter work week and pay boosts on the East Coast. But Bethlehem, Todd Shipyards Corp., and other companies on the West Coast have signed up with the International Assn. of Machinists and A.F.L. unions, continuing present contracts for another year without a pay boost.

New Way to Organize

Teamsters Union starts drive to enlist employees in St. Louis department stores by sending members to mingle with Saturday night shopping crowds, hand out union cards to salespeople.

Organizers for the A.F.L.'s Teamsters Union moved in on St. Louis department stores this week—backed up by a state court's refusal to bar "infiltration" of the stores by organizers posing as customers.

The first three targets of the teamsters' drive in St. Louis are stores operated by Famous-Barr Co., Scruggs-Vandervoort-Barney, Inc., and Stix, Baer & Fuller.

• **"Infiltration"**—The teamsters opened the St. Louis campaign three weeks ago at Stix, Baer & Fuller. They launched it with something new.

The union mobilized teamsters and their wives and families, and "infiltrated" the busy Saturday night shopping crowd at the store. The unionists mingled with regular customers, looked at merchandise, made small purchases—and handed out to employees easily-concealed union cards, saying: "I hope you are aw A.F.L. member. I know personally it means higher earnings and better working conditions."

• **Tipped Off**—The element of surprise was lost when the store management

got word, in advance, about the teamster plans. So about two hours before the union infiltration started, store officials distributed leaflets to all employees. These advised workers that: "You don't have to join a union; you don't have to give your name to union solicitors; you don't have to sign a card."

Stix, Baer & Fuller executives let the teamsters go through with their card distribution without interference. It was too hard—and too risky—to try to weed out the unionists from the regular customers.

• **Opposition**—When the teamsters announced they also planned to infiltrate Famous-Barr and Scruggs, the managements went to court. They asked an injunction against the technique as "injurious to the operations of business."

Attorneys argued that stores are private property, and the public enters under a limited license—to examine and buy merchandise. Therefore, stores may legally bar union organizers. The union had a ready answer: Members who entered the store did look at—and buy—merchandise, while engaging in "peace-

ful and lawful union organization."

• **Turned Down**—The court denied the injunction. It agreed that an infiltration demonstration by large groups of unionists may be enjoined. But it held that a writ is pointless unless there's evidence that such a mass demonstration is actually going to be held.

Since the opening move at Stix, Baer & Fuller, the union has limited its activities to: (1) handing out leaflets and membership cards to store employees going to and from work; and (2) trying to get names of employees of the stores.

• **To Get Names**—All members of the teamsters' St. Louis retail local have been asked to send in names of relatives, friends, and neighbors who work at the three big stores. The union thinks it can get a pretty complete list of employees at the big stores in that way.

A.F.L. and C.I.O. unions have tried before to organize the Famous-Barr, Scruggs, and Stix stores. They failed.

• **First Move**—The St. Louis organizing drive is the opening move of an all-out attempt by the teamsters to take over department stores. The teamsters union there inherited an established retail and wholesale workers' local earlier this year. The group, headed by Harold J. Gibbons, bolted the Retail, Wholesale & Department Store Employees (C.I.O.) last year. It stayed independent until it got a bid to move bodily into the teamsters union, and to spearhead the teamsters' St. Louis store drive.



ARBITRATOR David A. Wolff ruled for worker accused of taking bets in . . .

Gambling Puzzle

U.A.W. defends worker charged with making book, even though it wants to stamp out gambling inside plants.

If a union takes a firm stand against gambling in plants, why does it rush to the rescue of a member accused of gambling?

That question got an airing in Detroit—and an answer from the United Auto Workers (C.I.O.). The union's retort: "We go to bat for any of our people when they need a defense against management claims. That's our business. We even do it for Communists, and we don't like Communists."

• **Case in Point**—Benjamin F. Tilley was picked up by Chrysler plant police who had been following him to find out whether he was writing numbers tickets. Tilley had been discharged in 1939 for selling tickets, but he was reinstated later.

Plant protection found, though that the slips Tilley was passing were simply forms used to requisition workers' gloves. Nevertheless, spotters had seen Tilley talking to 60 or 70 people daily; he had large sums of currency and change on him, and he admitted at one stage that people had asked him to write up numbers tickets. Chrysler discharged him. Tilley sought unemployment compensation and the case went to the Michigan Unemployment Compensation Commission. The M.U.C.C. referee agreed the circumstances were "suspicious," but decided they were only circumstantial. He ruled that Tilley was discharged for reasons other than

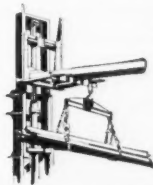


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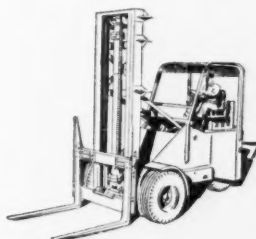
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Permits lift truck to be used as auxiliary crane. No interference with forks. Easily detachable . . . Other attachments: scoop, ram, snowplow, winch, side-shifter, slope-piler, etc.



ROSS LIFT TRUCKS

. . . team-mates of the famous Ross Carriers. Capacities, 5,000 to 18,000 pounds.

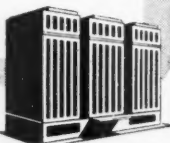


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Direct Factory Branches and Distributors Throughout the World

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ST. LOUIS**

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Who visit
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A distinctively printed wrapping paper for your merchandise continuously impresses your name on your customers and prospects. Every package repeats your sales message over and over again building your name and trade mark... building your sales. Yet the cost of this profit making paper is very little higher than that of plain paper. Whether you are manufacturer or retailer, a Central Printed Wrapping will help your sales.



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incompetence, and ordered compensation for him.

Then the union took Tilley's case to arbitration. Arbitrator David A. Wolff agreed with the M.U.C.C. referee. Tilley got reinstatement and back pay.

• **Support**—All through the case the U.A.W. worked energetically for member Tilley. One union higher-up put it this way: "When a man pays his dues

to us, he buys counsel and help. That's what he has coming and what he gets."

U.A.W. said defense of Tilley doesn't mean the union condones gambling—even though the stand lays the union open to management suspicions that it does. The union fight on in-plant gambling will go on, but charges against members will be backed up only if there's direct evidence of gambling.

THE LABOR ANGLE

TWO YEARS AGO the lead article in Political Science Quarterly was entitled "The Social Function of Trade Unionism." It was written by Professor Frank Tannenbaum of Columbia University. Its prominent position in the official organ of the professional association of political scientists assured it wide readership among social planners and intellectuals.

Though largely historical and theoretical, the Tannenbaum essay had one dramatic section. The author argued, in effect, that it was silly for a union to spend huge sums on a strike designed to change management's mind about some issue. Much more sensible, he thought, was the investment of union funds in company stock.

Tannenbaum wrote: "There is nothing in law, morals, or public policy which is contrary to the growth of proprietary interest by the workers through their organizations as a result of the changing relationship they have with the industry and the cumulative savings that are now accruing to them on an ever-increasing scale. It is not likely that these savings institutions—for so may the unions be considered—will ever own all of modern industry. But increasing ownership is a seemingly logical next step and with it increasing responsibility."

What Tannenbaum predicted two years ago was "that the union will gradually assume a role in the modern corporation by buying into it."

ITEM: Today a Wall St. securities house has a salesman calling on labor unions.

ITEM: Another brokerage firm is advertising in the labor press. A recent ad was headed: "Invest in American Industry." It called attention to the dividend yield of such common stocks as U. S. Steel,

General Motors, General Electric, and Thompson Products.

ITEM: A recent editorial in the "Cleveland Citizen," a leading union newspaper, asked, after the paper had accepted some brokerage advertising: "Who on earth has more reason or right to invest their money in America than the very people who man the plants and turn out the production?"

ITEM: In 1932, Norman Thomas, head of the Socialist Party, observed that the fastest way to get socialism in America might be for Socialists to buy control of American corporations. In July of that year the market value of every share of stock in every company listed on the New York Stock Exchange was \$15,633,479,577.

ITEM: Industrial stock prices have now broken through their postwar bear-market low (BW—Jun. 25 '49, p.95).

ITEM: The liquid assets of labor unions (national and local bodies) is now estimated at \$750-million.

ITEM: The annual income of unions is estimated at \$1-billion, half of which is usually earmarked for insurance, welfare, and other special funds.

ITEM: At the last meeting of Chrysler Corp. stockholders, Nat Weinberg was in attendance. He is the staff economist for C.I.O.'s United Auto Workers and an important aide of Walter Reuther. Weinberg was there by virtue of the fact that U.A.W. is now a Chrysler stockholder.

ITEM: An inquiry at U.A.W. headquarters brought the information that U.A.W. has recently bought stock in 68 companies where it has collective bargaining relationships.

Hiring Pitfall

An employer who lets a union pass on new workers may violate Taft-Hartley's ban on the closed shop, NLRB rules.

If you let a union fill job openings for you, you risk being found guilty of violating the Taft-Hartley ban on closed-shop contracts.

• **Construction Case**—That's the broad significance of a National Labor Relations Board decision last week. It came in a case based on the hiring "custom and practice" in the construction industry—in which unions act as hiring agents. But the decision may also apply wherever employers hire exclusively through unions.

The decision: An employer who rejects job applicants not "cleared" to him by the union violates the T-H law—which says that it is an unfair labor practice if an employer discriminates in hiring.

In an earlier, similar decision, NLRB ruled that hiring halls run by unions are illegal (BW—Aug. 4 '48, p104).

• **Carpenters Involved**—The new case involved Daniel Hamm Drayage Co., of St. Louis.

As customary on construction jobs, Daniel Hamm signed a labor agreement with the local union of A.F.L. carpenters at the job site. The pact gave the union the right to supply all workers.

• **"Outside" Applicants**—Later, seven members of the independent International Assn. of Machinists, applied to the company for jobs. The company referred them to the carpenters union, which refused to clear them for jobs. The seven filed job-discrimination charges against the company.

NLRB upheld their charges. It ruled that: (1) The intent and the effect of the agreement "was to delegate hiring of new employees to the local, and to require all to be members of the local"; and (2) this "patently discriminated" against the seven applicants.

The board ordered the company to pay for "any loss of wages [the I.A.M. members] suffered."

• **Up to Congress**—Spokesmen for the company argued that its policy followed the "custom and practice" of the industry. NLRB agreed. Nevertheless, it said, it is the board's "duty as administrators to enforce the law as written." The board said the company's argument "should properly be addressed to Congress."

Some proposals for changes in the T-H law, now before Congress, would ease present bars against hiring (1) through union hiring halls, and (2) directly through unions.



Keystone's new Galvanized MB Wire offers improved corrosion resistance. It gives added life and strength to mechanical springs subject to rust and corrosion. This is due to Keystone's unique method of galvanizing the wire **before** it is cold-drawn. The drawing process smooths and hardens the galvanized finish, increasing its lasting qualities remarkably. Other advantages are its lustre-bright, shiny smooth finish . . . even, uniform temper . . . and high tensile strength.

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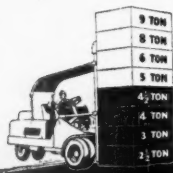
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GC-37

What's Happening to the Cost of Living

	Total Cost of Living	Food	Clothing	Rent	Gas & Electricity	Other Fuels	House Furnishings	Misc.
August, 1939	98.6	93.5	100.3	104.3	99.0	96.3	100.6	100.0
January, 1941*	100.8	97.8	100.7	105.0	97.4	104.2	100.1	101.9
May, 1941	102.9	102.1	102.8	105.7	97.2	105.0	103.2	102.5
May, 1942	116.0	121.6	126.2	109.9	96.6	112.9	122.2	110.9
May, 1943	125.1	143.0	127.9	108.0	96.1	118.7	125.1	115.3
May, 1944	125.1	135.5	137.4	108.1	95.9	123.3	135.0	121.3
May, 1945	128.1	138.8	144.6	108.3	95.2	124.4	145.4	123.9
May, 1946	131.7	142.6	155.7	108.4	92.2	127.8	153.7	127.2
May, 1947	156.0	187.6	185.0	109.2	92.4	142.4	181.9	139.0
May, 1948	170.5	210.9	197.5	116.7	94.1	178.5	193.6	147.5
June	171.7	214.1	196.9	117.0	94.2	180.6	194.8	147.5
July	173.7	216.8	197.1	117.3	94.4	185.0	195.9	150.8
August	174.5	216.6	199.7	117.7	94.5	190.1	196.3	152.4
September	174.5	215.2	201.0	118.5	94.6	191.0	197.6	154.1
October	173.6	211.5	201.6	118.7	95.4	191.4	198.8	153.7
November	172.2	207.5	201.4	118.8	95.4	191.6	198.7	153.9
December	171.4	205.0	200.4	119.5	95.3	191.3	198.6	154.0
January, 1949	170.9	204.8	196.5	119.7	95.5	191.8	199.6	154.1
February	169.0	199.7	195.1	119.9	96.1	192.6	199.6	154.1
March	169.5	201.6	193.9	120.1	96.1	192.5	199.8	154.4
April	169.7	202.8	192.5	120.3	96.8	187.8	191.9	154.6
May, 1949	169.2	202.4	191.3	120.4	96.9	182.7	190.1	154.5

* Base month NWLB's "Little Steel" formula. † Ice grouped with "other fuels" prior to 1918. Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

LABOR BRIEFS

To relieve unemployment, C.I.O. president Philip Murray urges that the government: increase and extend compensation, give tax relief for low-income families, start public works in "hard-struck" areas, boost minimum wages, provide loans to new and small businesses, transport unemployed workers free to those areas where they will be able to get jobs.

A union store run by C.I.O. electrical workers in East Pittsburgh has shut up shop. It opened a year ago to help 16,500 members save on grocery bills. But the local says quantity buying wasn't possible because too few traded there. Deficit: \$4,700.

A.F.L.-C.I.O. unity on the world labor front has given a hearty sendoff to a new anti-Communist international federation, formed by delegates from unions with 43-million members in 33 countries. It's a rival for the Soviet-controlled World Federation of Trade Unions (BW—Jan. 22 '49, p110).

Univis Lens Co. workers in Dayton, Ohio, voted out U.E. 313-to-225 in a second decertification election last week. (NLRB set aside the first on grounds of company interference.) U.E. lost a long and turbulent strike at Univis last year

(BW—Aug. 14 '48, p84), hasn't had a contract since.

American Zinc has shut off gas burners in six of eight zinc furnaces at its Fairmont City (Ill.) plant—the result of a strike that began last Aug. 13 (BW—Jun. 25 '49, p104). The company says that means "permanent elimination" of half of the jobs at the struck smelter; once furnaces cool off, they can't be used again.

The U. S. Supreme Court this week set aside (5-4) the conviction of Harold Christoffel on charges of perjury. The House Labor Committee charged the former U.A.W. leader at Allis-Chalmers with lying about alleged Communist connections. The Supreme Court ruled that the trial judge erred in instructions to the jury.

The Warner & Swasey strike in Cleveland ended this week, with the issues still unresolved. The company and the International Assn. of Machinists agreed to resume negotiations on a new contract. The plant recently reopened for a back-to-work movement (BW—Jun. 18 '49, p108).

The Pictures—Bettmann Archive—34; Int'l Esso Oilways—69, 70; Wide World—42.

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1949



RUNS THREE TIMES AS LONG BETWEEN SHUTDOWNS

Suniso Refrigeration Oil Eliminates Two-Thirds of Shutdowns in Ice-Cream Plant

An ice-cream manufacturer was forced to shut down his refrigeration plant with abnormal frequency because heavy sludge formed in the compressor. Taking the advice of a Sun Engineer to switch to Suniso Refrigeration Oil of the correct grade, he found he could run the plant three times as long without an oil change. He reduced maintenance time by one-

third. Savings were substantial, and output increased correspondingly.

This is typical of the stepped-up production and the savings often made possible where Sun petroleum products are used. For example, by switching to a Sun cutting oil, a manufacturer increased production of optical instrument parts by 43 percent. A manufacturer of radio components tripled the life of

threading dies by changing to one of the new Sunicut oils made with Petrofac.* A cotton fabrics manufacturer is saving \$1,000 a year on the cost of processing-oil alone by using a Sun product that solved his corrosion problem.

For information about Sun "Job Proved" products for your industry, call the nearest Sun Office.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 2, 1949



Britain's dollar troubles threaten to spark a world currency crisis this summer (BW-Jun.25'49,p107).

If the pound were to topple under pressure, you can be sure there would be a general scramble to devalue.

Treasury Secretary Snyder is going to Europe this week end to see if he can head off the fire. His big job, of course, is to talk to Britain's "Iron Chancellor," Sir Stafford Cripps.

But Snyder may have trouble getting Cripps to talk about an adjustment of all western Europe's currencies, including the pound—unless the U.S. offers big stabilization loans or a higher dollar-price for gold.

•
The British crisis has London leaning on the empire for support.

Dominion finance ministers are due to meet in the British capital next week. (Canada may not join the huddle, since it is outside the sterling area.)

Cripps apparently wants to get the Commonwealth to string along with him in cutting dollar-imports. (Remember that Cripps is chief banker for the whole sterling area, doesn't want a dollar wasted anywhere if he can help it.)

•
If it weren't for the threat of a general currency muddle, the French franc would look like pretty solid money today. In fact, the French treasury wants to print more franc notes to sell for U. S. dollars and British pounds. Reasons for this firming up:

- (1) Talk of pound devaluation has stampeded many a Frenchman into selling his sterling for francs.
- (2) American tourists are cashing a record \$180,000 a day in France, almost all through official channels.
- (3) The gap between French imports and exports has narrowed in the last six months.

•
The Benelux economic union (Belgium, the Netherlands, and Luxembourg) may not come off after all.

Trade bars between Belgium and the Netherlands were supposed to come down this week. But that would have opened the way for more Dutch imports from Belgium, to be paid for in gold. And the Dutch said they couldn't spare the gold.

Actually, a basic clash of views has developed between Brussels and The Hague. Here's what seems to be causing the trouble:

- (1) Belgium has a relatively free economy; the Netherlands follows the British control pattern.
- (2) Belgium has managed to stay in the dollar-trading area; the Netherlands is closely linked with the sterling bloc.
- (3) Dutch difficulties in Indonesia have made the Netherlands look like a less advantageous partner for Belgium.

•
Now that the terms of the Anglo-Argentine trade deal are known, it's easier to see why British businessmen like it and American businessmen don't.

What the five-year pact does is put British trade with Argentina on an even-steven basis—at \$500-million a year each way.

Last year, by contrast, Britain bought \$490-million worth of goods

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

JULY 2, 1949

from Argentina, sold only \$215-million. (The difference was covered by sale of the British-owned Argentine railways.)

In 1947, the trade gap was even bigger—\$525-million against \$140-million. (The British closed a big part of this with dollars, which Argentina then spent in the U. S.)

The main items Argentina agrees to ship Britain each year are: meat, \$100-million to \$200-million; grain, \$92-million; fats and oils, \$93-million.

In return the British agree to supply Argentina: coal, \$34-million; iron and steel products, \$28-million; transport equipment, \$100-million; machinery, \$56-million; textiles, \$35-million; chemicals, \$23-million.

In addition, Argentina gets 1.8-million tons of crude oil; 3.8-million tons of fuel oil; 250,000 tons of petroleum products.

The United States of Indonesia will need \$1-billion for economic development over the next 10 years.

That's the estimate of Mohammed Hatta, premier of the Republic of Indonesia. (The republic will become a state within U. S. I. when the latter is finally formed—probably this fall.)

Hatta thinks \$100-million will be needed "as soon as possible" for roads, power projects, and consumer goods plants. He hopes either the World Bank or the Export-Import Bank will come across with most of the money. He thinks Britain and the Netherlands should also chip in.

Hatta expects U. S. I. to lean heavily on private money, too.

True, the central bank and public utilities (electricity, gas, water, transportation) will probably be owned by the new government. The state also may have at least a finger in new oil ventures.

But established oil companies (big ones: Standard-Vacuum and Shell) will be left free to operate as usual. And the rest of Indonesia's great natural wealth will be open for private development.

Canada's Liberal Party got the biggest vote of confidence in Canadian history.

Premier St. Laurent will control 193 out of 262 seats in the new Canadian parliament—much more than the Liberals had before.

Biggest upset was the defeat of the socialist-minded Cooperative Commonwealth Federation in its stronghold, Saskatchewan. A tight C.I.O.-C.C.F. alliance was also beaten in most industrial centers, particularly Toronto.

Biggest losers were the right-wing Progressive Conservatives. P. C. leader George Drew could find no good issue to campaign on.

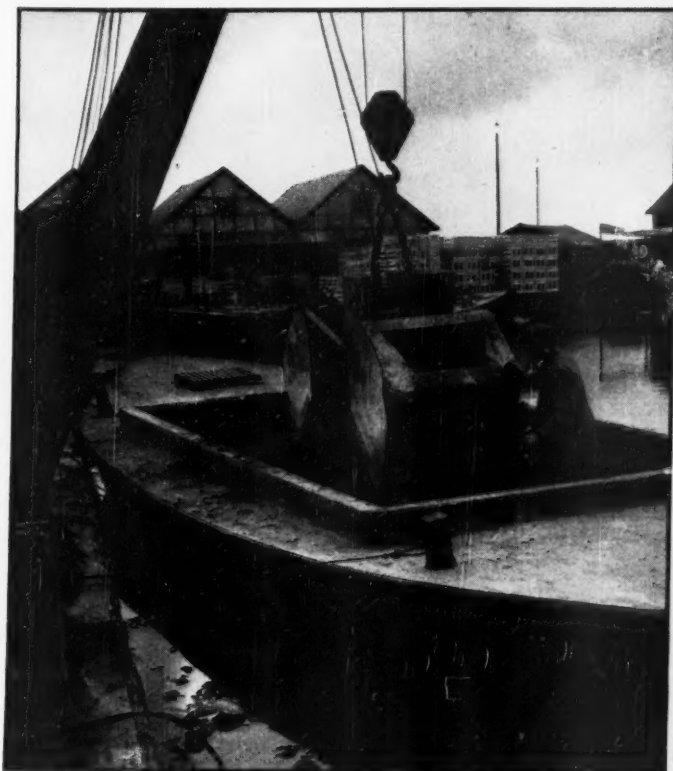
The State Dept. is trying to clear the confusion about U. S. policy on China.

State is worried by last week's blast from 21 senators who figured the U. S. was going to recognize the Communist government.

Actually the senators are way ahead of the diplomats. Recognition isn't really an issue yet.

Contributing to the confusion is State's reluctance to tell the whole Chinese story. It fears to make public the record of the Nationalist government. The tale of intrigue and corruption might give the Communists a useful tool in consolidating their power.

BUSINESS ABROAD



1 Clay barges from the Baltic unload at A. B. Ifoverken, industrial ceramic plant at Bromolla. Sweden's power-expansion program keeps Ifoverken busy making . . .

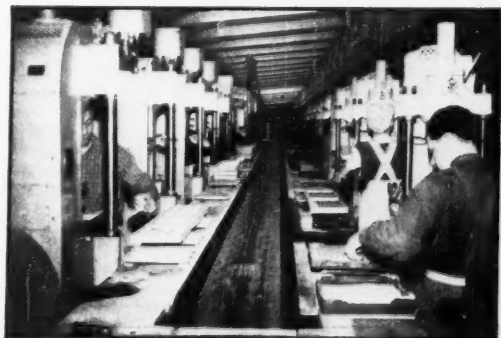


2 High-voltage insulators made from extrusions of clay, feldspar, flint. Then . . .



3 Potter's wheel—a venerable tool—shapes extruded forms for driers and kilns

Swedish Plant Thrives on Power Boom



4 Modern assembly-line methods are used for smaller pressed insulators. Conveyor carries these to gas-fired tunnel kilns



5 Manually operated spray guns put on the glaze. Automatic glazing machines are also used (TURN TO PAGE 70)



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INCORPORATED



PRODUCER
OF HIGHLY
PURIFIED
WOOD
CELLULOSE

The Board of Directors has declared a regular quarterly dividend of fifty cents (50¢) per share on the Common Stock, payable August 15, 1949, to stockholders of record at the close of business July 29, 1949.

EDWARD BARTSCH
President

June 21, 1949



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CLUES

See page 94 of the June 25 issue

SWEDISH PLANT (continued from page 69)



6 Lines of inspection girls have plenty to do at Sweden's booming Ifoverken plant

Is Sweden's Planned Prosperity Real?

Postwar projects to build self-sufficient economy are going strong. But slipping exports underscore need for world market.

STOCKHOLM—Sweden's industries, outwardly at least, look prosperous today.

• **Expansion Boom**—Take A. B. Ifoverken, the hub of Sweden's industrial-ceramics industry, for example. Domestic demand for Ifoverken's electrical insulators is booming. Sweden is in the midst of a program to double its power capacity—increase annual electricity output from 8-billion kwh. in 1938 to 21-billion kwh. sometime in the 1950's. Ifoverken can count its orders almost before they are hatched.

Sweden's iron and steel expansion is even more striking. A program is well under way to boost pig-iron production from 1947's 700,000 tons to 1.2-million tons; to boost finished-steel production from 850,000 tons to 1.4-million tons.

In all Swedish industries, new investment has never been higher than in this postwar period. Spurred by some \$40-million in Marshall Plan aid, expansion programs seem to be going ahead right on schedule.

• **Planned Prosperity**—But this is not ordinary prosperity. It is something called planned prosperity, which is very much in vogue in Europe today. Its objective is as high a degree of self-sufficiency as possible. For a country like Sweden, which is completely dependent

on world trade, it may not spell prosperity for long.

• **Props**—Sweden kept its production up last year by importing a high volume of raw materials of semi-finished goods. These were financed in part from the country's gold and hard-currency reserves. While the 1948 over-all trading deficit was only a third of 1947's, the gap between exports and imports still amounted to almost 900-million krona (about \$243-million).

Sweden's 1948 exports were almost 25% above the 1947 figure. But the rise was largely thanks to higher prices for Swedish forest products. This year it looks as though the fall in dollar prices will wipe out much of last year's gain. Pulp sales to North America are falling fast. Prewar Swedish pulp sales in the U. S. ran around 850,000 tons, and brought in 70% of Sweden's dollar revenue. The postwar peak was 500,000 tons in 1947.

• **Vital Dollar**—Sweden's dollar problem is just like the rest of western Europe's (BW—Jun. 25 '49, p. 47). It seems likely that Sweden will attack it in the same way—at the expense of U. S. exporters.

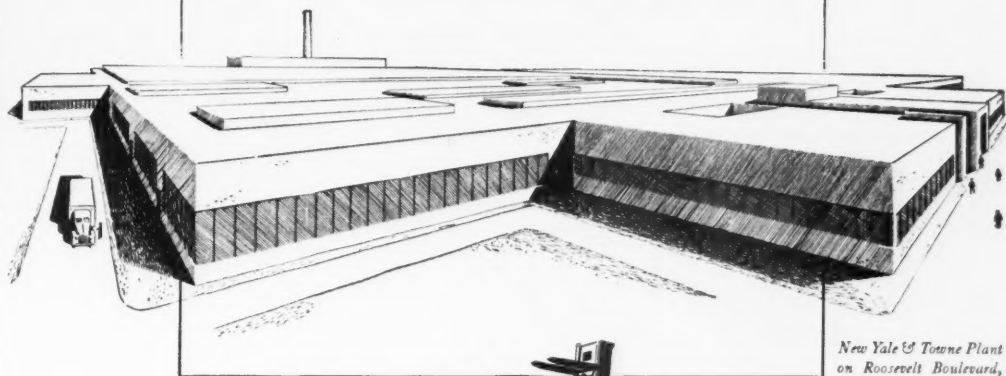
Right now Sweden's dollar purchases—excluding those under ECA—are virtually limited to its dollar sales. Dollar

YALE & TOWNE

builds 17-acre

manufacturing plant

IN PENNSYLVANIA



*New Yale & Towne Plant
on Roosevelt Boulevard,
Philadelphia.*



To keep pace with the increasing demand for the latest designs in material handling machinery, The Yale & Towne Manufacturing Co., built this modern office and manufacturing plant designed for one-story straight-line operations. It is on a 93-acre site in the Northeast section of Philadelphia. The most modern tool equipment and material-flow layout have been provided for the manufacture of Yale chain and electric hoists, electric and gas industrial trucks, hand and motorized lift trucks, industrial scales and other related material handling machinery.

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A vast new industrial development is under way all over Pennsylvania . . . new steel mills . . . new automobile plants which want to get closer to the steel mills . . . new electrical factories . . . new chemical plants. The reasons which are drawing them here may mean money to your company, too. Write to the Department of Commerce, Harrisburg, Pa., for information on plant sites, labor supplies, markets, transportation facilities, etc.

JAMES C. MORGAN, GENERAL MANAGER OF THE PHILADELPHIA DIVISION

SAID: "Our operations in multi-story buildings in a congested city area during the last decade made us decide to build in a less restricted Pennsylvania industrial area where our activities could be concentrated under one roof, with consequent benefits from modern use of lighting, heating and ventilation and other associated facilities. Also, our splendid labor relations favorably influenced our decision to make our major expansion here."



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69,000,000 People Within
A Radius of 500 Miles.**

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Governor

THEODORE ROOSEVELT, III
Secretary of Commerce

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Industrial Directory of New York State, 1949

Lists 50,000 New York State manufacturing and mining firms, their addresses, names of company officers, principal products and approximate number of employees. Conveniently classified by principal product and New York City or upstate location. . . . The cloth-bound book contains more than 800 pages. A limited number of copies are being offered for sale. Copies will be delivered shortly—as the books come off the presses. Early orders have priority. To reserve your copy, mail check for \$15 with your order to . . .



NEW YORK STATE
DEPARTMENT OF
COMMERCE

112 State Street, Room 911
Albany 7, New York



Safeway Stores, Incorporated Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on June 10, 1949 declared quarterly dividends on the Company's \$5 Par Value Common and 5% Preferred Stocks.

The dividend on the Common Stock is at the rate of 30c per share and is payable July 1, 1949 to stockholders of record at the close of business June 21, 1949.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable July 1, 1949 to stockholders of record at the close of business June 21, 1949.

MILTON L. SELBY, Secretary.

June 10, 1949.

Circle 1
See classified advertising of the world of business management. For information write "Times" Business Week.

sales are falling, so naturally dollar purchases will fall, too.

• **Tariff Solution**—To offset falling sales of pulp in the U. S., the Swedish government is trying to get the U. S. to lower tariffs on paper, wallboard, and chemicals. The idea is to process more Swedish forest products at home before exporting them to North America.

Sweden is also seeking tariff concessions on a wide range of specialized steel products. Metals and machinery are overtaking forest products as Sweden's big dollar earner.

Judging by the growing protests from protectionists in the U. S., Sweden has little hope of getting out of its dollar problem this way.

• **Or Devaluation**—Some U. S. officials have urged devaluation of the krona as an alternative. That would bring down the price of Swedish goods in the U. S. But Sweden, like Britain, isn't ready to take the risk.

Devaluation, say the Swedes, wouldn't do much to increase sales to a protection-minded U. S. It would up the cost of imports. The result would be inflation. That would mean a price-wage spiral that would undermine the whole of the government's program.

• **Pace-Setter**—It is certain that Sweden, by itself, won't devalue the krona. It is equally certain that the krona will go down if the pound does. In fact, it is safe to say that whatever moves Britain's labor government makes, the Swedes won't be far behind.

Aside from the closest of cultural and political ties, Sweden has sound economic reasons for following Britain's lead. Prewar Britain was Sweden's best customer. Sweden sold more to Britain than it bought. That left Sweden with surplus pounds to exchange for dollars or marks to buy in the U. S. or Germany.

• **Changed Pattern**—Now this very useful pattern—on which most of western Europe's trade was fashioned—won't work. Britain is still Sweden's best customer. But trade is possible only on a strictly bilateral basis—or within that group of nations where the pound is transferable (BW—May 21 '49, p. 125). In effect this means that Sweden, like the rest of western Europe, can no longer buy in the cheapest market.

Germany's defeat further upset Sweden's prewar trade pattern. Germany was always Sweden's largest supplier. Now the Swedes have to buy elsewhere or produce more at home. Like all of western Europe, they have chosen more home production.

• **Political Motives**—Postwar economies have thus pushed Sweden into working for a self-sufficient economy. But strong political motives have also backed the trend. The Socialist government has been hell-bent on a full-employment policy ever since the war. The primary

reason was to keep votes away from the Communists. Swedish Socialists have always said that only they can keep Sweden from being drawn into the morass of eastern Europe. They say that only they can be sure of keeping every Swedish worker on the job.

• **Full Employment**—Today more than ever the full-employment policy is the government's first concern. Corporation taxes are so rigged that a business has no choice but to expand or modernize. Any Swedish businessman who can get a building license and machinery (much of which has to be imported) can't help but succeed—on paper at least.

Swedish industries that have grown up in the postwar years had more thorough protection than any tariff wall could give them. The government's full-employment policy has meant easy credit terms for those who want to contribute to making Sweden more self-sufficient. And strict control over imports has eliminated foreign competitors.

• **Costly Prosperity**—The Swedish consumer and taxpayer, of course, pay for self-sufficiency. Some of the new industries have proved themselves efficient enough to compete in the world market. But most haven't. To keep the weak sisters in the running, Sweden has paid—in high prices, low quality, and high taxes.

Strong forces are driving Sweden toward self-sufficiency. But despite them, the country can never become a self-contained unit. It must import all its coal and oil; all its textile raw materials; most of its fertilizer and animal feed.

• **Frail Foundation**—More important, all of Sweden's industries (except textiles) are geared to the world market rather than the domestic market. The standard of living of the Swedish people is still inexorably tied to the terms of trade the Swedish exporter can get.

Toronto Subway Is Test For U. K. Building Drive

TORONTO—This city's new \$70-million subway will be a test case in Britain's effort to narrow its export-import gap with Canada.

• **High Hopes**—Britain wants to build and supply the whole system. When Harold Wilson, president of the Board of Trade, was in Toronto a short time ago, he held out great hope that exports of engineering and capital goods could scale down the trade deficit. British businessmen have assured the Canadians that they can do the job at a price that meets American bids.

Toward the end of this month contracts will go out for the first leg of the

system. Then the British will know how successful they have been. (Thirteen companies from the U.S., Britain, and Canada have bid on the job.)

• **What's Involved**—The subway plan, as it is set up now, calls for two sections: (1) a 4.6-mi. tunnel under Toronto's main street, Yonge St., and (2) a 4.5-mi. open-cut subway along Queen St., which runs at right angles to Yonge St. close to Toronto's waterfront.

The Toronto Transportation Commission, which will operate the subway, has already said that the British will get the contract for the trains. But Toronto is betting a U.S. company will handle the construction work.

• **Official View**—As far as the government goes, Canada would probably like to see the British walk off with the whole show. The U.K. is the best market for Canadian wheat. And unless the British can find a way to pay for it, the whole Canadian economy will suffer.

Britain's exports to Canada are on the upgrade. May sales totaled \$30-million, about \$5.6-million more than April. But the rate of climb isn't fast enough to pay next year's food bill.

BUSINESS ABROAD BRIEFS

Fokkers of Amsterdam will build British Gloster Meteor jet interceptor fighters for the Dutch and Belgian air forces. At first it will assemble them from parts sent over by Gloster.

New Puerto Rican plant will be built by St. Regis Paper & Bag Corp. under the island's tax-exemption law. It will make bags for cement and sugar.

Australia has declared video—still several years off—a state monopoly. There will be government-owned stations in each of the six state capitals. Official choice of a 625-line screen (higher than U.S. or British standards) means that local suppliers will get the equipment orders.

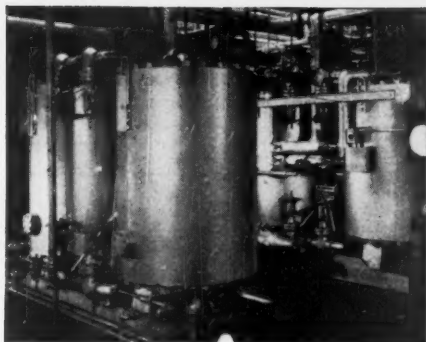
Johns-Manville will put \$10-million into an asbestos project at Matheson, 420 mi. north of Toronto. The company will close down its Asbestos Quebec operation, tied up most of this year by a strike. The mine, J.-M. says, will yield twice the ore it got from Quebec.

Japan's five-year plan to boost hydroelectric capacity by 1.2-million kw. starts this year. The program calls for 33 projects to cost \$730-million. All equipment will be made in Japan. The money is supposed to come from: counterpart funds, the Ministry of Finance, earnings of the state-owned Japan Electric Generation & Transmission Co., a bond issue.

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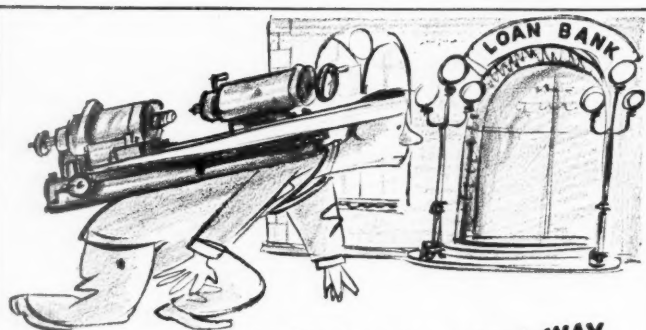
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READERS REPORT:

A Small Business View

Sirs:

The writer is very much interested in the Executive Opinion article concerning Mr. David Vance, a rural manufacturer [BW—May 7 '49, p85].

I quote herewith a letter to congressmen, which was written by a member of our industry, Harry J. Millard, secretary-treasurer and general manager of White Line Laundry, Inc., Champaign, Ill.:

"I have been in the laundry business since 1910. . . . I would like to stay in business. I would like to continue having employment for my 90 men and women—many of them having been with us from five to 25 years. I assure you if this local service plant comes under the proposed Senate Bill No. 653 and House Bill No. 2033 [raising the minimum wage from 40¢ to 75¢ and making it apply to more workers], we will be forced to close up and quit. This is not a threat—here are the facts:

1946 total net business . . . \$211,842
1947 total net business . . . \$263,746
1948 total net business . . . \$274,431

\$740,019

"In these three years as secretary-treasurer-general manager I drew a total of \$18,000 in salary. For three months in 1947 and nine months in 1948 I acted, in addition to the above duties, as plant superintendent.

"To our employees in 1946, 1947, and 1948 we paid out a total of \$481,511, or 65% of our net business. Can you call me Shylock?—or can you tell me how I can pay out more dollars and stay in business? We cannot and will not raise prices—by so doing we price ourselves out of the market.

"I am proud of this business—I want to stick to it. Will you let me?

"Based on the proposed legislation, 75¢ per hour and time and a half for all hours worked over 40 hours, and if we are not exempt as a strictly local business, here is what would have happened on our payroll for the week ended Thursday, Feb. 3, 1949: an increase of \$474.53; and for the annual figure, it would be an increased cost of \$24,675.56. And that means lock the door and throw away the key, and tell my fine loyal employees, 'We are sorry—we cannot continue in business.'

"Our hourly rates are \$0.50 to \$0.90 for all female employees. . . .

"Will I or can I stay in business? The answer is in your hands and your answer will apply to all local and small businesses over the entire United States, north, south, east, and west."

This letter expresses very clearly the

serious outlook now facing small business.

FRED G. PONTIUS

PRESIDENT,
ACME LAUNDRY OF CANTON, INC.,
CANTON, OHIO

Price Guarantees

Sirs:

A group of us at the Harvard Business School are studying some aspects of price guarantees, particularly in the grocery trade. We have read with real interest the article on this subject [BW—May 28 '49, p. 46].

What further details do you have regarding the practices of various trades and manufacturers, particularly grocery? For instance, how common is extension of price guarantees to retailers as well as wholesalers?

KENNETH S. HARRIS

BOSTON, MASS.

• Manufacturers' practices vary widely. This applies equally to the length of time a manufacturer will guarantee the wholesaler's stocks, and to the amount of the guarantee. Some manufacturers, for example, will rebate the full amount of the difference between the purchase price and the subsequent reduced price over a period of 90 days after shipment of the goods. Others guarantee the entire stock for a specified period and, as time rolls by, guarantee a progressively smaller part of the stock. This might mean, for example, guaranteeing the entire stock for a two-week period, two-thirds of the stock during the next two weeks, half the stock during the following two weeks, etc.

We do not know any instances of price guarantees to retail grocers, although there may be some. Retail grocers turn their stock over so rapidly that price guarantees don't mean so much to them as to wholesalers.

General Confusion

Sirs:

You refer to Philco's refrigerator sales pushing up to Frigidaire's and General Motors' heels [BW—Apr. 9 '49, p. 50]. Since when has General Motors started another division to compete with Frigidaire?

Furthermore, what about G.E.'s sales; would not they be somewhat better than the newcomer's?

Or is the whole matter a simple case of a "general" confusion?

JULIO ENRIQUE ESTRADA

COSMOS,
GUAYAQUIL, ECUADOR

• General confusion indeed. We meant to compare Philco sales with Frigidaire and General Electric, not Frigidaire and General Motors.

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A Poor Job of Protecting Competition

What if someone said to you, "I am not sure what kind of competitive selling is legal and what kind is illegal. Would you, as a businessman, tell me please?"

Your answer to that question today will be harder to formulate and much more confusing than it ever needed to be before. The reason for the confusion is a string of decisions handed down in recent years by the Supreme Court. Those court opinions were not all written from the same logic—and, as a result, they do not flow in the same direction.

The most noteworthy example of judicial meandering is the recent decision outlawing exclusive-dealer contracts. It was a case against Standard Oil Co. of California, which had contracts with 6,000 independent dealers binding them to purchase all their requirements from Standard (BW—Jun. 18'49, p21).

The court's majority based its findings on its interpretation of Section 3 of the Clayton act. That section says it is unlawful, when you sell anything, to set a condition that the buyer won't handle goods of your competitor—if the effect "may be to substantially lessen competition or tend to create a monopoly."

In most earlier cases, if the court satisfied itself that the defendant company dominated the market, it considered that the one fact supported the inference that competition probably would be or had been lessened. But in other instances—the International Salt case, for example—the court took a different route to condemn contracts tying the sale of a nonpatented to a patented product. It simply held that the volume of business was not "insignificant or insubstantial" and that therefore the effect of the contracts was to "foreclose competitors from a substantial market."

Dead-End Street

Two weeks ago the court decided in the Standard Oil case that there is no need to distinguish between requirements contracts (Standard) and contracts tying the sale of a nonpatented to a patented product (International Salt). Therefore, it decided that since Standard's contracts affected 6.7% of the oil industry's total volume in the western territory, competition has been or probably will be substantially lessened.

This was the same dead-end street that the lower court had wound up earlier. The U. S. District Court for the Southern District of California had said:

"Grant that, on a comparative basis, and in relation to the entire trade in these products in the area, the restraint is not integral. Admit also that control of distribution results in lessening of costs and that its abandonment might increase costs . . . that the number of Standard outlets so controlled may have decreased, and the quantity of products supplied to them may have declined, on a comparative basis. Nevertheless, as I read the latest cases of the Supreme Court, I am compelled to find the practices here involved to be violative

of both statutes (the Clayton Act and the Sherman Act)."

In the Supreme Court, a five-man majority saw no need for determining whether competition would be greater or less if exclusive contracts were ruled out. In fact, the court suggested selling through independent operators as agents or of buying out independents.

The Realistic Minority

In a minority opinion, Justice Jackson, joined by Justice Vinson and Burton, contended that it was not enough to show that a substantial number of outlets were involved. They held that proof of quantity did not prove the forbidden quality of lessening competition. Therefore, they proposed that the lower court rehear the case in order to unearth the effects of the exclusive contracts. Jackson said, "I am not convinced that the requirements contract as here used is a device for suppressing competition instead of a device for waging competition."

Justice Douglas separately dissented to deplore the effect of the majority decision on the independent filling-station owner. "The method of doing business under requirements contracts at least keeps the independents alive. They survive as small business units. The situation is not ideal from either their point of view or that of the nation. But the alternative which the Court offers is far worse," he said.

Justice Douglas was not sniping exclusively at the Standard Oil decision. He was leveling fire at the Court for practically every opinion it had handed down in hearing antitrust law cases. In his opinion, the doctrine developed by the court for years has favored rather than discouraged monopoly.

We do not share the view of Justice Douglas that the Court has always been consistent in interpreting the antitrust statutes with a big-business slant. But we do share his conclusion that the Standard Oil decision is more likely to be harmful than helpful to small business operators. We further believe that he is entirely correct in declaring that the Court should make its decision on the basis "not of abstractions but of the realities of modern industrial life."

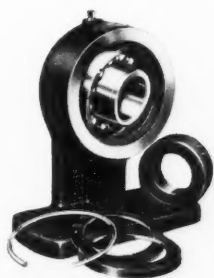
What Justice Douglas said has added strength to one of our basic convictions: If genuine free competitive enterprise is to survive in the United States, there must be a continued, successful life for small companies as well as large ones.

The lives of small businesses are never out of danger. That is why any threat from any quarter should be repulsed. It will not be enough for those who manage the giant commercial and industrial enterprises to keep that in mind. Those in government—in the executive, legislative, and judicial branches—should take care, too, lest they stifle individual enterprise and thus destroy the primary foundation of our great industrial nation.

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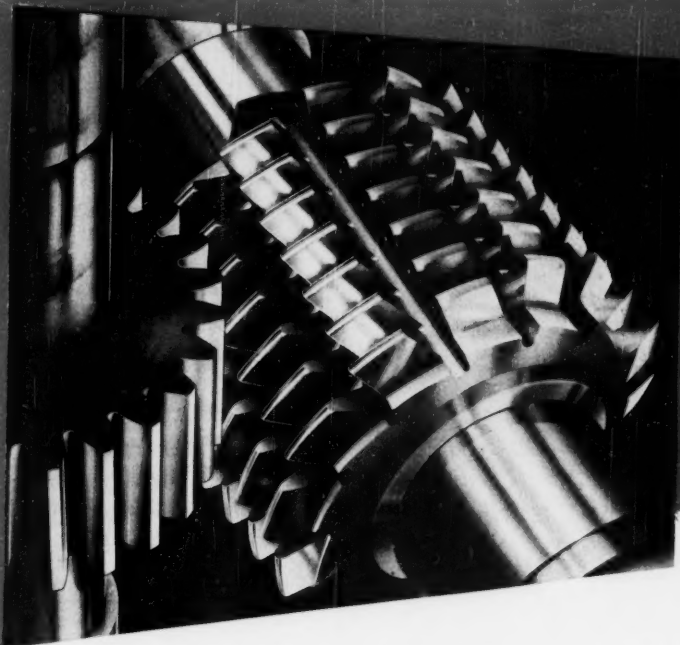


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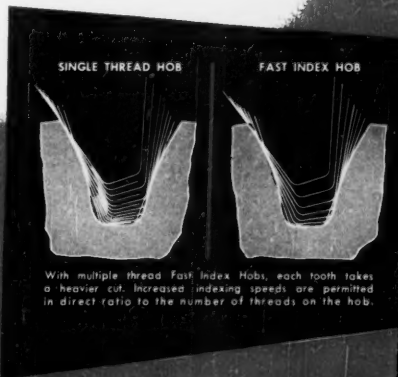
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